



11 January 2012

To: The Chairman and
Members of the
Knowsley Schools Forum

Dear Knowsley Schools Forum Member

A Meeting of the **KNOWSLEY SCHOOLS FORUM** will be held on **Thursday, 19th January, 2012**, in Meeting Room 1, Municipal Buildings, Cherryfield Drive, Kirkby at **4.15pm**.

If you have any queries regarding this meeting, please contact Keith Glover on telephone number 0151 443 3502.

Yours faithfully

Deputy Chief Executive

Membership of the Knowsley Schools Forum

Ms Pam Jervis

Co-Chair

Headteachers

Ms Belinda Basnett

Mrs Ann Behan

Mr Haydn Boyle

Mr Peter Bradley

Mrs Jeanette Cook-Hannah

Ms Christine Gordon

Mrs Ruth Harrison

Mr Charlie Newstead

Mr John Parkes

Mrs Pat Tunna

Vacancy

Primary Headteacher

Centre for Learning Principal

Primary Headteacher

Centre for Learning Principal

Primary Headteacher

Primary Headteacher

Primary Headteacher

Primary Headteacher

Special Schools Headteacher

Centre for Learning Principal

Centre for Learning Principal

Governors

Mrs Kerry Arands

Mrs Deb Lee

Mr Mike Shankland

Mrs Irene Tuzio

Governor Representative (C for L)

Governor Representative (Primary)

Governor Representative (Primary)

Governor Representative (C for L)

Non-Schools Membership

Ann Bodell

Mr Jeff Bowe

Mr Steve Logan

Mrs Cath O'Leary

Reverend Dr Tim Stratford

Councillor Bob Swann

Early Years, Private, Voluntary &
Independent Sector Representative

Trade Union Representative

14 – 19 Partnership Representative

Liverpool Archdiocese Representative

Liverpool Diocesan Representative

Knowsley MBC Elected Member

Observers

Mr Rob Alcock

Mr John Atkinson

Mr Vince Cullen

Mrs Sue Gannon

Mr Tim Hall

Mr Alan Holloway

Councillor Norman Keats

Mr Damien McNulty

Mrs Maria Taylor

Directorate of Corporate Resources

Governor Representative

Governor Representative

Governor Representative

14 – 16 Representative

Trade Union Representative

Cabinet Member for Finance & IT

Trade Union Representative

DCFS – Lead Education Change
Partner

Governor Representative

Education and Schools Resource
Manager

Cabinet Member for Children & Family
Services

Service Director – Learning and Young
People Services

Mr Chris Tynan

Mrs Diane Williams

Councillor Graham Wright

Mrs Julie Young

A G E N D A

SCHOOLS FORUM GLOSSARY OF TERMS

APOLOGIES

1. MINUTES

To consider the minutes of the Knowsley Schools Forum meeting, held on 24th November 2011.

(Pages 1 - 8)

ITEMS FOR DISCUSSION/ CONSULTATION/ DECISION

2. CENTRE FOR LEARNING BUSINESS RATES

To consider the report of the Executive Director of Children and Family Services.

Anticipated time for discussion – 10 minutes

(Pages 9 - 16)

3. SCHOOL BUDGET AND DEDICATED SCHOOLS GRANT 2011/12

To consider the report of the Executive Director of Children and Family Services.

Anticipated time for discussion – 10 minutes

(Pages 17 - 36)

4. FUTURE SCHOOLING IN KNOWSLEY (FSK) UPDATE

To consider the report of the Resources and Supply Group.

Anticipated time for discussion – 10 minutes

(Pages 37 - 62)

5. FORMULA REVIEW GROUP

To consider the minutes of the Formula Review Group meeting held on 14th December 2011.

Anticipated time for discussion – 10 minutes

(Pages 63 - 70)

6. SCHOOLS FORUM MEMBERSHIP FOR 2012/13

To consider the report of the Education, Schools and Partnerships Resource Manager, Children and Family Services.

Anticipated time for discussion – 5 minutes

(Pages 71 - 74)

DEVELOPMENT ITEMS

7. SCHOOL BUDGET AND DEDICATED SCHOOLS GRANT 2012/13

To consider the report of the Executive Director of Children and Family Services.

Anticipated time for discussion – 30 minutes

(Pages 75 - 88)

8. ACADEMIES UPDATE

To consider the report of the Executive Director of Children and Family Services.

Anticipated time for discussion – 10 minutes

(Pages 89 - 134)

ITEMS FOR INFORMATION

9. SUMMARY TEMPLATE FOR SCHOOLS PARTNERSHIP EXECUTIVE BOARD

To discuss any outcomes and issues from the Schools Forum to be referred to SPEB including LEAP Meeting.

Anticipated time for discussion – 5 minutes

(Pages 135 - 136)

MINUTES

10. SCHOOL PARTNERSHIP EXECUTIVE BOARD

To consider the minutes of the School Partnership Executive Board meeting held on 14th December 2011.

(Pages 137 - 144)

11. ANY OTHER BUSINESS WHICH THE CO-CHAIRMAN DEEMS TO BE OF AN URGENT NATURE

KNOWSLEY SCHOOLS FORUM

At a meeting of the Knowsley Schools Forum held in the Meeting Room 1, Municipal Buildings, Cherryfield Drive, Kirkby on Thursday, 24th November, 2011 the following Forum Members were

P r e s e n t:

Ms Pam Jervis
Co-Chairman of the Committee
(in the Chair)

Headteachers/ Representatives

Mrs Jillian Albertina, Mr Haydn Boyle, Mr Stuart Evans, Mrs Jeanette Cook-Hannah, Ms Christine Gordon and Mr John Parkes;

Governors

Mrs Kerry Arands, Mr Vince Cullen and Mr Mike Shankland;

Non-Schools Membership

Ms Pam Jervis, Ms Ann Bodell, Mr Alan Holloway, Mr Steve Logan and Rev Dr Tim Stratford;

Observers

Mr Rob Alcock, Mr Damian McNulty, Mrs Maria Taylor and Mrs Diane Williams.

Officers

Directorate of Corporate Resources	-	Mr Mark McKenna Mr Paul McNamara
Directorate of Neighbourhood Services	-	Mrs Julie Mallon

APOLOGIES

Apologies for absence were received on behalf of Mr John Atkinson, Mrs Belinda Basnett, Mrs Ann Behan, Mr Peter Bradley, Mrs Sue Gannon, Mr Tim Hall, Mrs Ruth Harrison, Mrs Deb Lee, Councillor Norman Keats, Mrs Pat Tunna, Mrs Irene Tuzio, Mr Chris Tynan, Councillor Graham Wright and Mrs Julie Young.

50. MINUTES

The minutes of the Knowsley Schools Forum meeting held on 20th October 2011 were received as a correct record and signed by the Co-Chairman.

51. SCHOOL BUDGET AND DEDICATED SCHOOLS GRANT 2011/12

The Forum considered the report of the Executive Director of Children and Family Services which provided an update on the Schools Budget, Individual Schools Budget (ISB) and the Children's Services budgets funded from the Dedicated Schools Grant (DSG) for 2011/12. This report also included an updated contingency position and an update on the support provided for schools in financial difficulty.

It was reported that the Dedicated Schools Grant monitoring showed that it was in line with the forecast. It was highlighted that the Authority would look to contain the closed schools budgets, including redundancy within allocated resources, however risks associated with them, the academies programme and future years funding all posed a risk to the Dedicated Schools Grant.

RESOLVED –

- (i) That the current position of the Dedicated Schools Grant, including contingency, be noted;
- (ii) That the closing school balances be noted; and
- (iii) That it was agreed that as finance support for schools in financial difficulty could be managed within the overall resource envelope, schools/ centres would not need to be notified or charged once they reached the 6 day agreed limit.

52. FUTURE SCHOOLING IN KNOWSLEY (FSK) UPDATE

The Forum considered the report of the Resources and Supply Group which provided a programme update on Future Schooling in Knowsley, examined indexation funding for Unitary Charges and provided an update of the work undertaken by Human Resources, Finance and the Governance Team. In particular:-

- Primary Programme Update;
- Special Educational Needs (SEN) Update;
- ICT;
- BSF Funding Account Indexation; and
- Equalisation Funding including monitoring Human Resources, Finance and Governance.

RESOLVED –

- (i) That the programme update be noted;
- (ii) That it be noted that the principle for uplifting PFI contributions in line with the overall increase in the Dedicated Schools Grant (DSG) was no longer sustainable and that for 2012/13 the PFI charges would be increased to reflect indexation; and
- (iii) That it was agreed that the Human Resource and Finance development aspects of the Academy Programme be assigned against the Transformation strand of the Equalisation budget, provided that it could be managed within the existing budget provision.

53. SCHOOL MEALS FUNDING FORMULA 2012/13

The Forum considered the joint report of the Executive Director of Neighbourhood Services and the Executive Director of Children and Family Services which sought approval for a new funding formula for the Schools Meals Delegated Budget for 2012/13.

It was highlighted that the report outlined the work undertaken by the Formula Review Sub Group and the agreements and recommendations from the Formula Review Group had been widely consulted upon. The deciding factors at this time of public sector austerity measures, was how we have a funding formula which ensured that Knowsley had a School Meals Service that can provide high quality, nutritious, affordable and accessible school meals for all pupils and their parents. In this respect the Sub Group had taken all those factors in to account when reviewing the range of options available. The outcomes of those discussions enabled the Formula Review Group to agree Option 8 as the new funding formula for 2012/13.

RESOLVED –

- (i) That option 8, as agreed by the Formula Review Group be endorsed;
- (ii) That it was noted that whilst all schools buy in to the meals service the Executive Director of Neighbourhood Services (DNS) had agreed that the charge for the service would be at the level of delegation so that the changes to the formula were cost neutral; and
- (iii) That it was agreed that an application for a Minimum Funding Guarantee exemption be made to the Secretary of State for the School Meals Formula.

54. SCHOOL MEALS MARKETING BUSINESS CASE

The Forum considered the report of the Executive Director of Neighbourhood Services which sought funding for the allocation of £0.027m from the School Specific Contingency Budget for a targeted School Meals Marketing Campaign, aimed at increasing paid and free meal uptake across all school sectors.

It was highlighted that the report sought funding to develop a marketing campaign to promote and redesign the service to maximise the full potential of the School Meals Service, by developing and reshaping the service to meet our customers' needs. In doing so we would take in to account the different sector and individual school requirements. This would include the wide range of factors which influence meal uptake across all sectors. In this respect the marketing campaign's primary focus would be to ensure that the School Meal Services continued to provide high quality, nutritious, affordable and accessible school meals for all pupils and their parents.

RESOLVED –

- (i) That the proposals by the Formula Review Group for a school meals marketing campaign, as set out in section 4 of the report, be endorsed; and

- (ii) That the funding request to utilise £0.027m of the School Specific Contingency Budget (the element set aside for the mainstreamed School Lunch Grant) to support a targeted marketing campaign be approved.

55. FORMULA REVIEW GROUP UPDATE

The Forum considered the Formula Review Group minutes from the meeting held on 1 November 2011, in particular:-

- School Meals Formula;
- AEN/ Deprivation Formula Funding;
- Practical Learning Options; and
- Facilities Time.

RESOLVED –

- (i) That the Forum ratified the minutes of the Formula Review Group meeting held on 1 November 2011; and
- (ii) That the Forum endorsed the decisions made at the Formula Review Group meeting held on 1 November 2011.

56. SCHOOL BUDGET AND DEDICATED SCHOOLS GRANT 2012/13

The Forum considered the report of the Executive Director of Children and Family Services which had began preparation on planning for a potentially significant reduction of the Dedicated Schools Grant (DSG) in 2012/13. The main potential risks resulting in a reduction of the DSG were:-

- General 2% reduction;
- Diploma funding withdrawal; and
- Academy conversion.

It was reported that the future level of Dedicated Schools Grant was uncertain in 2012/13 and it was important to start planning scenario's prior to Government announcements.

RESOLVED –

- (i) That the progress to date was noted and a further report be brought to the next cycle of meetings; and
- (ii) That the Inclusion Standards and Effectiveness Service be tasked with examining the feasibility of a minimum of 5% saving on DSG budgets in 2012/13, as set out in Section 4.6 of the report.

57. BENCHMARKING THE SCHOOL AND LOCAL AUTHORITY (LA) BUDGETS 2011/12

The Forum considered the report of the Executive Director of Children and Family Services which examined Knowsley's 2011/12 original budgets within the Section 251 budget statement against the national picture and statistical neighbours. The purpose of this was to highlight areas where Knowsley appeared to be budgeting

significantly differently to other Authorities and discuss any actions the Forum wanted to take to scrutinise the data in more detail.

It was reported that the benchmarking exercise allowed the Authority to compare our current service budgets with others and it was an important exercise to undertake to see if any further efficiencies or savings could be achieved.

RESOLVED – That the report be noted.

58. SCHOOL PROCUREMENT UPDATE

The Forum considered the report of the Education and Schools Resource Manager, Children and Family Services, which provided an update on the:-

- school evaluation of the second Traded Services Trade Fair;
- development of a Traded Services offer to Academies for 2012/13; and
- re-launch of OPEN/Procserve for all schools.

It was reported that the intention of the Traded Services model was to ensure more collaboration and to get better value for money for schools from a joined up procurement approach, as well as identifying any inefficiencies or duplication of services and making procurement of services easier for schools.

RESOLVED –

- (i) That the update on schools and services evaluation of the second Traded Services Trade Fair, which took place on 18 October 2011, be noted;
- (ii) That the development of a Traded Services Offer to Academies for 2012/13 be noted; and
- (iii) That the information on the re-launch of OPEN/Procserve be noted.

59. SCHOOL FINANCE (ENGLAND) REGULATIONS 2012/13

The Forum considered the report of the Executive Director of Children and Family Services which provided information on the potential implications arising from a recent Department for Education consultation on the School Finance (England) Regulations 2012.

It was reported that if the proposed amendments were made, the main differences for Knowsley would be that power would be moved back to School Forums to make decisions on Minimum Funding Guarantee exemptions in specified circumstances, as set out in Appendix 1 of the report. The other difference for Knowsley would be that where an excluded pupil attracts a pupil premium, this funding should move with the pupil as well as the age-weighted funding. In this respect the Department for Education was amending the School Finance (England) Regulations 2012 to facilitate this, rather than changing pupil premium conditions of grant.

RESOLVED – That the report be noted.

60. DEPARTMENT FOR EDUCATION CONSULTATIONS

The Forum considered the verbal update of the Education and Schools Resource Manager, Children and Family Services which provided an update on the recent Department for Education Consultations. In particular:-

- Local Flexibility;
- LACSEG funding for academies; and
- Post 16 cuts.

RESOLVED – That the update be noted.

61. SUMMARY TEMPLATE FOR SCHOOLS PARTNERSHIP EXECUTIVE BOARD

The Forum discussed the possible issues to feed back to the next Schools Partnership Executive Board (SPEB) including Leadership, Equity, Attainment and Progress (LEAP) Thematic Board meeting. The Forum agreed that as the Safer Schools Partnership was being discussed at the Headteacher Conference on 2 December 2011, SPEB should be asked to discuss the outcome of this.

RESOLVED – That the above issue be fed back to the next (SPEB) including (LEAP) meeting.

62. ASSET MANAGEMENT WORKING GROUP MINUTES

The Forum considered the minutes of the Asset Management Working Group meeting held on 18 October 2011.

RESOLVED – That the minutes be noted.

63. ASSET MANAGEMENT WORKING GROUP - TERMS OF REFERENCE

The Forum considered the Asset Management Working Group Terms of Reference.

RESOLVED – That the Terms of Reference be noted.

64. SCHOOL PARTNERSHIP EXECUTIVE BOARD MINUTES

The Forum considered the minutes of the Schools Partnership Executive Board meeting held on 19 October 2011.

RESOLVED – That the minutes be noted.

65. SCHOOL PARTNERSHIP EXECUTIVE BOARD - TERMS OF REFERENCE

The Forum considered the Terms of Reference for the Schools Partnership Executive Board.

RESOLVED – That the Terms of Reference be noted.

Minutes 50 to 65 received as a correct record on the 19 day of January 2012.

.....
Co-Chairman of the Committee

(The meeting closed at 5.40 pm)

This page is intentionally left blank

METROPOLITAN BOROUGH OF KNOWSLEY

To: The Schools Forum

Meeting: 19 January 2012

Wards Affected: All

Portfolio Areas: Children and Family Services

REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

CENTRE FOR LEARNING BUSINESS RATES

1. PURPOSE OF THE REPORT

The report examines the changes in rateable values as a result of the opening of the seven Centres for Learning and the impact on the Dedicated Schools Grant (DSG).

2. RECOMMENDATIONS

The Schools Forum is recommended to:

- 2.1 Agree to mid-year adjustments of £72,444.07 in school funding from the Schools Specific Contingency as outlined in section 4.2;
- 2.2 Note the annual savings to the rates payable by the Centres for Learning of £0.214m in section 4.1;
- 2.3 Note the fees associated with the work of £76,623.75 which resulted in the savings achieved; and
- 2.4 Note impact on the Dedicated Schools Grant (DSG).

3. BACKGROUND

- 3.1 Under the Building Schools for the Future (BSF) programme, Knowsley closed and demolished 11 secondary school sites and opened 7 Centres for Learning which are based in brand new state of the art buildings. The first Centre for Learning site opened in January 2009 with the final two opening in January 2010.

- 3.2 School business rates are fully funded via the DSG and in the case of the Centres for Learning; the rates are paid back to Council as part of the Centre for Learning unitary charge contributions.
- 3.3 Under the Uniform Business Rate (UBR) introduced in 1990, revaluations are carried out every five years. In simple terms, the District Valuer assesses the rental value of a property at a specific date. For each year covered by that revaluation period the Council has to pay a percentage of that assessed rental value in business rates. That percentage is the Uniform Business Rate, which is fixed by Central Government. The owner or occupier of a property is entitled to appeal against the rating assessment accordingly. If agreement is not reached the owner or occupier is entitled to take a case to a Valuation Tribunal, which arbitrates on the matter.
- 3.4 Rateable values of properties come under a Ratings List which is updated every 5 years and this forms the basis for the rates liability for the succeeding 5 years.
- 3.5 There was a significant increase in the rateable value of properties in the secondary sector following the opening of the Centres for Learning which would require higher levels of DSG funding in order to pay rates. As such it was important to challenge the rateable values to potentially avoid this call on the DSG.
- 3.6 Rating valuation is a specialist field and as such Messrs Gerald Eve, a firm of rating specialist rating surveyors, were engaged to act on the Council's behalf, in the 1990, 1995, 2000, 2005 and 2010 (including Centres for Learning) Rating Revaluations.
- 3.7 The role of the firm is to advise the Council where there appears to be scope for a successful appeal against a rating assessment; to submit that appeal on the Council's behalf; to negotiate with the District Valuer and to represent the Council at a Valuation Tribunal if necessary.

4. CENTRE FOR LEARNING BUSINESS RATES

- 4.1 The table below shows the change in rateable value following the challenge by Gerald Eve.

Centre for Learning	Annual Rateable Value Pre-revaluation	Annual Rateable Value Post-revaluation	Change in Rateable Value [Saving (-)] (per annum)	Annual Rates Payable Pre-revaluation	Annual Rates Payable Post-revaluation	Annual Savings to DSG [Saving (-)] (per annum)
Halewood	£770,000	£520,000	(-) £250,000	£333,410	£225,160	(-)£108,250
St Edmund Arrowsmith **	£815,000	£292,500	(-)£522,500	£52,934	£18,997	(-)£33,937
Knowsley Park **	£302,500	£390,000	£87,500	£130,982	£168,870	£37,888
All Saints	£295,000	£437,500	£142,500	£19,160	£28,416	£9,256
Huyton Arts and Sports	£750,000	£580,000	(-)£170,000	£324,750	£251,140	(-)£73,610
Christ the King* **	£432,500	£432,500	£0	£28,090	£28,090	£0
Kirkby Sports College	£775,000	£615,000	(-)£160,000	£335,575	£266,295	(-)£69,280
Total	£4,140,000	£3,267,500	(-) £872,500	£1,224,901	£986,968	(-)£237,933

*Christ the King CfL Rateable Value has been lodged for appeal by Gerald Eve which is likely to be heard next year. This should result in a reduction given the pupil numbers on roll.

**Please note St. Edmund Arrowsmith, Knowsley Park and Christ the King are all subject to transitional relief. This means that no school gains or loses excessively as a result of significant or non-significant changes in the rateable value. As per the figures in 5.2 and Appendix A, DSG funding for the centres rates will decline by £0.214m as opposed to the £0.238m in the table above.

Over a five year period (Rating List period) the saving (based on the increased liability and prior to transitional relief taking affect) to the DSG will be £1.190m offset by Gerald Eve's fees of £76,623.75.

- 4.2 School budgets need to be finalised and issued to schools no later than the 31st March for the following financial year. Business Rates may not be finalised until several months later, resulting in the following years budget being adjusted in what is called 'a prior year adjustment', this may be material in some cases particularly in the secondary sector. After the new rateable values have been applied and taking into account the 'prior year adjustments', this results in an additional charge required to the DSG in 2011/12 as per the table below:

Centre for Learning	Amount
Halewood	£51,956.06
St Edmund Arrowsmith	(£12,069.68)
Knowsley Park	(£3,858.05)
All Saints	(£23,732.28)
Huyton Arts & Sports	£38,480.21
Christ the King	(£32,250.17)
Kirkby Sports College	£53,917.98
Total	£72,444.07

Please note a positive balance denotes a charge to the DSG, however the effect on the CfL is nil. Please note that the three VA centres figures are subject to change before the 31st March 2012.

Appendix A provides a full breakdown of the funding and liability of rates from the Centres opening / occupying of site.

- 4.3 The Schools Forum has a long standing principle that no school shall gain or lose by rate payments and the budget is adjusted to reflect the actual cost of rates paid.
- 4.4 The Schools Forum is recommended to make a mid-year adjustment to funding due to the Academies agenda and the monetary value involved as outlined in 4.2 and the impact this will have on the DSG. The adjustment will increase both the allocation of Business Rates within the Unitary Charge, and also the actual charge to individual centre.

5. RESOURCE IMPLICATIONS

- 5.1 The report sets out the implications to the DSG of the reductions achieved to the rateable value to the CfL which will have a significant impact on the DSG. The impact in a full year (prior to transitional relief) is set out in the table on section 4.1. Due to the timing of budget setting process and charges raised there needs to be a net adjustment to the DSG in 2011/12 of £72,444.07 as set out in table 4.2. This will have no net impact on individual CfL.
- 5.2 It is anticipated that the funding required for Centre's business rates, subject to Academy conversations and the rates payable multiplier, in 2012/13 will be £0.993m. In 2011/12 the business rates funded prior to the adjustment in 4.2 was £1.207m and this should result in a DSG saving in 2012/3 of £0.214m.

6. RISK ASSESSMENT

Normally rates adjustments are made in the following financial year and this proposal for an in year adjustment is to minimise the impact on the DSG next year.

7. COMMUNICATION ISSUES

An earlier version of this report was discussed and amended by the Formula Review Group on 14 December 2011. The report will be follow usual Schools Forum protocols and will be distributed to all schools, governors and Councillors through the post meeting circular.

8. CONCLUSION

Whilst this is a good news story in that Messrs Gerald Eve has helped prevent larger increases in rateable values and rates payable it has resulted in higher rates payable than currently allowed for in the Centre for Learning budgets in the current year. In order to maintain our agreed principle of no cost to the school or sector this has resulted in a 2011'12 DSG budget pressure but will reduce pressure on the DSG in 2012'13 and future years.

DAMIAN ALLEN EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

Contact Officers:-

Sue Williamson	0151 443 4683
Jonathon Lowe	0151 443 2328
Mark McKenna	0151 443 5650

Appendices:

Appendix A - Summary of Centre for Learning rates payable and funding for rates from opening / from occupying a new build.

Background Papers

None.

Summary of Centre for Learning rates payable and funding for rates from opening / from occupying a new build

	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>Overall</u>	
Halewood CfL		£173,786.79 £83,899.29 £89,887.50	£205,321.62 £153,363.87 £51,957.75	£225,160.00 £315,049.19 -£89,889.19	£604,268.41 £552,312.35 £51,956.06	Liability Funded Variance
St Edmund Arrowsmith Catholic CfL		£1,655.06 £1,593.70 £61.36	£8,899.01 £27,996.00 -£19,096.99	£25,963.83 £18,997.88 £6,965.95	£36,517.90 £48,587.58 -£12,069.68	Liability Funded Variance
Knowsley Park CfL		£103,742.16 £55,612.30 £48,129.86	£174,208.46 £179,434.29 -£5,225.83	£170,238.91 £217,000.99 -£46,762.08	£448,189.53 £452,047.58 -£3,858.05	Liability Funded Variance
All Saints Catholic CfL		£2,789.85 £2,524.79 £265.06	£11,099.28 £44,352.00 -£33,252.72	£28,415.63 £19,160.25 £9,255.38	£42,304.76 £66,037.04 -£23,732.28	Liability Funded Variance
Huyton Arts And Sports CfL		£117,975.92 £60,603.43 £57,372.49	£234,019.73 £195,538.29 £38,481.44	£251,140.00 £308,513.72 -£57,373.72	£603,135.65 £564,655.44 £38,480.21	Liability Funded Variance
Christ The King	£1,368.68 £11,322.00 -£9,953.32	£18,951.38 £41,248.23 -£22,296.86	£21,302.56 £21,302.56 £0.00	£26,102.39 £26,102.39 £0.00	£67,725.01 £99,975.18 -£32,250.17	Liability Funded Variance
Kirkby Sports College		£124,545.34 £95,336.28 £29,209.06	£247,069.91 £186,292.00 £60,777.91	£266,293.00 £302,361.99 -£36,068.99	£637,908.25 £583,990.27 £53,917.98	Liability Funded Variance

Please note: VA CfL's 2011/12 liabilities to be confirmed (before 31st March 2012).

This page is intentionally left blank

METROPOLITAN BOROUGH OF KNOWSLEY

To: Schools Forum

Meeting: 19 January 2012

Wards Affected: Borough Wide

Portfolio area: Children and Family Services

REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

SCHOOL BUDGET & DEDICATED SCHOOLS GRANT 2011/12

1. PURPOSE

The purpose of the report is to update the Schools Forum on the 2011/12 Schools Budget, including changes to contingency; exceptional pupil number increases; requests for Contributions to Combined Budgets; an update on the financial position of closed schools and the support provided to schools in financial difficulty from HR and Finance.

2. RECOMMENDATIONS

The Schools Forum is recommended to:-

- 2.1 Note the current position of the DSG including contingency;
- 2.2 Approve the exceptional pupil number increases of £51,395 as set out in 4.3;
- 2.3 Agree that DSG Personalisation funding, including the Virtual School that has been identified, be reclassified as a Contribution to Combined Budgets in 2011/12 as set out in 4.9; with the balance transferring to general contingency;
- 2.4 Agree that termination of employment costs be vired from the School Specific Contingency Budget to the Termination of Employment Budget as described in section 4.10;
- 2.5 Note the transfer of £0.035m previously earmarked for HR support from supporting schools in financial difficulty to general contingency as identified in 7.1; and
- 2.6 Note the closing school balances.

3. DEDICATED SCHOOLS GRANT

- 3.1 This report focuses on the budget position as at 31st October 2011. As previously reported the Authority faces potentially significant reductions in Dedicated School Grant (DSG) next financial year, therefore should be prudent in the current financial year to aid stability.

4. SCHOOLS SPECIFIC AND EARLY YEARS CONTINGENCIES

- 4.1 The Schools Specific Contingency, as reported to the Forum in November was £1.669m and the Early Years Contingency was £0.080m. An updated table showing variations from October can be seen below:-

	Personalisation £m	Equalisation £m	Closing Schools £m	Closing Special Efficiencies £m	Mainstreamed grants not in ISB £m	Equal pay back pay £m	Collaboration £m	Unallocated £m	Total £	Early Years £m	Total including early years £m
Balance as at 30th Sept, presented to Schools Forum Nov 11	0.262	0.639	(0.391)	0.182	0.348	0.257	0.060	0.312	1.669	0.080	1.749
Exceptional pupil number increase – 4.3								(0.051)	(0.051)		(0.051)
Revised Nursery funding following Autumn census – 4.4										0.018	0.018
Increase in EY SENCO – 4.5										(0.015)	(0.015)
Increase in Whiston Hospital Unit – 4.6								(0.022)	(0.022)		(0.022)
Increase in Maternity and TU Duties – 4.7								(0.050)	(0.050)		(0.050)
Rates Funding Adjustment – 4.8								(0.072)	(0.072)		(0.072)
Gerald Eve Fees – 4.8								(0.077)	(0.077)		(0.077)
Transfer of virtual school to unallocated contingency – 4.9	(0.262)							0.262	(0.000)		(0.000)
Transfer of Termination of Employment costs 4.10		(0.287)							(0.287)		(0.287)
Transfer of unallocated Mainstreamed grants – 6.1					(0.321)			0.321	0.000		0.000
Transfer of HR support per 7.1								£0.035	£0.035		£0.035
Balance as at 31st October, presented to	0.000	0.352	(0.391)	0.182	0.027	0.257	0.060	0.658	1.145	0.083	1.228

Schools Forum Jan 12											
-------------------------	--	--	--	--	--	--	--	--	--	--	--

Note – That the Schools in Financial Difficulty Funding for the Centre for Learning is incorporated in the balances brought forward as at 30th Sept. The in year adjustment has yet to be fully transferred, but was previously shown as a commitment in this table. The funding is subject to all the Centre's in deficit signing up to agreed Licensed Deficit agreements, presently there is one Centre which needs to agree their respective Licensed Deficit agreement.

4.2 Since the last meeting, several changes have taken place following October's budget monitoring as outlined below and summarised in Appendix 1:-

4.3 Exceptional Number Increases

Knowsley continues to operate mid year adjustments for exceptional increases in pupil numbers (a copy of the criteria can be found in Appendix 2). Five schools have met the criteria for funding as follows:-

School	Amount
Malvern	£7,805
Plantation	£15,609
St Aloysius	£2,230
St Margaret Mary Junior	£10,976
St Edmund Arrowsmith	£14,775
Total	£51,395

This cost is met from Schools Specific Contingency in line with normal protocols. Following this meeting the Local Authority will write out to the schools concerned to confirm budget allocations for Exceptional Pupil Number Increases.

4.4 Adjustment to Nursery Numbers following the Autumn Census

The Authority continues to fund mainstreamed schools and the Private, Voluntary and Independent (PVI) sector based on actual take up.

The October census has now taken place and adjustments to the maintained sector have been calculated. The Authority has written to each school to inform them of the variances to individual schools.

The Authority originally allocated £5,988,622 for Early Years Individual Schools Budget (Section 251 Budget Statement 2011/12, line 1.0.1). Following the autumn census, this has been revised to £5,970,413, a reduction of £18,209. This reduction has been transferred to the Early Years contingency.

The final census information is to take place in January 2012, and actual budget adjustments to individual schools will take place following receipt of this information.

4.5 Early Years SENCO

The Dedicated Schools Grant funds a Special Education Needs Co-ordinator (SENCO) to work across the entire PVI sector. The original allocation for funding this post was £0.046m. There has been a change in the employee carrying out this work and dual working has been undertaken for the period between September and October. These increased costs, plus an underestimate in the original budget, has resulted in an increase of £14,909. This increased cost is to be met by the Early Years contingency, and offsets the saving following the autumn census.

4.6 Whiston Hospital Unit

The budget for the Whiston Hospital Unit funds both a Teacher and a Teaching Assistant. The original budget only factored in the teacher costs, and the budget has been increased by £22,227 to reflect this. A review of this service is currently taking place, as it has been identified that support for pupils in hospital include pupils from outside the borough and previously Knowsley had not recharged other Authorities for this provision. These recharges will bring additional income into the Authority, but as systems are only being brought in to recharge other Authorities, the full year effects will not be seen in the current financial year. It is anticipated that approximately £5,000 per annum can be realised from recharging other Authorities.

4.7 Increase in Maternity and Trade Union duties

The DSG funds school based staff that are on maternity leave. This is to ensure that no one school faces significant budget pressures should they have any member of staff on maternity. For this reason, the budget is needs led. Budget monitoring has seen an increase in the number of maternity cases and requires an increase in budget to meet these costs.

The other element to this budget is trade union duties. As reported to the Schools Forum on 24th November (Formula Review Group - minutes 1st November 2011), there has been an agreed increase in facilities time for one member. This has resulted in an increase of approximately £3,000.

Both of these budget pressures have been calculated, resulting in an increase in budget provision in 2011/12 of £50,000. Again this increased cost is to be met from Schools Specific Contingency.

4.8 Business Rates and Associated Fees

A report elsewhere on the agenda discusses the savings achieved on business rates over the Valuation Office Agency 2010 ratings list and the

associated fees for Gerald Eve to undertake their review of the ratings list. The £0.072m relates to a mid-year funding adjustment and the £0.077m relates to the fees due to Gerald Eve the specialist rating firm, which are both detailed in this separate report.

4.9 Transfer of Personalisation (Virtual School)

It has previously been agreed by the Forum to fund additional English and maths teachers (A Virtual School), to support attainment in the secondary sector. A total of £0.500m has been set aside by the Schools Forum in the current financial year to meet these and other Personalisation costs. In reviewing the contingency, it is felt that this type of expenditure would be more suitably classed as a Contribution to Combined Budget.

Savings have been made (for example reduced staff in post) and the anticipated spend for the current financial year is £0.238m, leaving a balance of £0.262m. It is proposed to transfer the anticipated spend (and budget) to the Contribution to Combined Budget, with the balance of £0.262m transferring to General Contingency.

4.10 Termination of Employment costs

An element of Equalisation funding has been ringfenced to meet termination of employment costs through transformation schemes. Again in reviewing the contingencies, as the Section 251 document identifies a line for the Termination of Employment Costs, it is felt that this is a more appropriate budget to use rather than Schools Specific Contingency. It is therefore proposed to transfer the £0.287m, as discussed in section 5.2, to Termination of Employment Costs and the Schools Forum is asked to approve this.

The School Forum is asked to note that there are demonstrable savings arising from the school closures.

5. **CLOSING SCHOOLS**

5.1 The table below shows the latest position on closed schools:-

School	Balances funded by DSG 2011/12	Current Balance	Overall position
Halewood College	£221,928 deficit	£ 3,203 deficit	£225,131 deficit
Higherside	£118,979 deficit	£ 357 deficit	£119,336 deficit
St Edmund Arrowsmith	£ 59,869 deficit	£ 5,216 surplus	£ 54,653 deficit
St Edmund of Canterbury	£ 5,933 deficit	£ 5,316 surplus	£ 617 deficit

Knowsley Hey		£148,698 surplus	£148,698 surplus
Bowring		£212,806 surplus	£212,806 surplus
Prescot		£198,708 surplus	£198,708 surplus
Brookfield	£ 15,215 deficit	£ 158 surplus	£ 15,057 deficit
Ruffwood	£ 44,093 deficit	£ 7,266 deficit	£ 51,359 deficit
All Saints	£256,314 deficit	£ 5,199 deficit	£261,513 deficit
TOTAL	£722,331 deficit	£554,877 surplus	£167,454 deficit

The level of deficit has come down by £0.015m since the last Forum report, as a result of YPO charges in St Edmund of Canterbury being recharged to Christ the King CfL.

The surplus of £0.555m which is held within closing school reserves will be used to offset the current deficit of £0.391m as shown in the table within section 4.1. The net effect of the current surplus held within school reserves and the deficit shown in the table above is an in year surplus of £0.164m.

- 5.2 The Local Authority is still working with the closed primary schools. It is six months since Simonswood, Overdale and Knowsley Northern Primary Support Centre closed, with Ninetree, Brookside and Knowsley Sothern Primary Support Centre closing at the end of August and the current position of the schools is as follows:

School	Current Balance (£m)
Balance brought forward from secondary closures	£0.164 surplus
Simonswood (see note)	£0.161 surplus
Simonswood Rent (see note)	£0.188 deficit
Overdale	£0.011 deficit
Knowsley Northern Primary Support Centre	£0.015 surplus
Ninetree Primary School	£0.088 surplus
Brookside Primary School	£0.221 deficit
Knowsley Southern Primary Support Centre	£ 0 (Based on school discussions)
Total	£0.008 surplus

Please note that there is a rent liability for Simonswood in the region of £0.188m with the Archdiocese. Discussions are on-going and this is the most reliable estimate of the liability at present.

As can be seen, the closing schools balances are still being contained within the identified resources. This is dependent on Knowsley Southern closing without a deficit, and no further charges to the closed accounts. Should the closing school contingency overspend, costs will be met from Equalisation funding identified for redundancies.

The authority set aside £0.287m within Equalisation funding to meet the potential costs of redundancy, including pay protection. The current cost of redundancy for the schools closed recently amounts to £104,209. A further £19,641 relates to pay protection, but both can be comfortably contained within identified resources. A full breakdown of the Equalisation funding can be seen in the Future Schooling in Knowsley report found elsewhere on the agenda.

6. MAINSTREAMED GRANTS NOT IN THE ISB

- 6.1 Part of the Schools Specific Contingency is in relation to the Mainstreamed Grants not within the Individual Schools Budget (ISB). This contingency was created following the mainstreaming of Standards Fund grants this year. Whilst the majority of the £17.020m mainstreamed grants were transferred into the schools cash limits, some grants were kept outside. The Schools Forum report on 17th March 2011 provides full details of the transfers. The Mainstreamed Grants not in the ISB includes:-

Grant	Amount
School Lunch Grant	£178,358
SDG Balance	£94,528
SSG(P) Balance	£75,543
Total	£348,429

- 6.2 Apart from the request to fund the School Meals marketing campaign (£0.027m), as taken to the Schools Forum on 24th November 2011, there are currently no identified commitments against these allocations. It is therefore proposed to transfer the balance to unallocated contingency.

7. SCHOOLS IN FINANCIAL DIFFICULTY

- 7.1 As previously reported, The DSG has set a budget aside under the Supporting Schools in Financial Difficulty category. A total of £103,800 has been earmarked as follows:-

Human Resource support	10 schools @ 25 days @ £300	£75,000
Finance support	16 schools @ 6 days @ £300	£28,800
		£103,800

The report updates the forum of the work undertaken to the end of November.

7.2 Human Resource support

The Human Resource team has been supporting a number of staffing reviews during the year. A full breakdown of the time spent on each school/centre can be seen in Appendix 3.

Efficiencies have been made and it appears that the full 250 days support will not be required in the current financial year. A current assessment of the work undertaken to date, plus that anticipated to year end reveals the amount of days to be approximately 130 days. This would potentially reduce the HR support to approximately £40,000 releasing £35,000 back into contingency.

Confirmation of this will be brought to a future meeting and the Table in 4.1 reflects this reduction.

7.3 Finance Support

As reported to the Schools Forum on 24th November, all except two schools have identified recovery plans. During November this has now fallen to one. Work with all schools in deficit will continue throughout the license period, with any necessary work being taken with the individual schools.

A key piece of work will be to review the pupil numbers used in each of the recovery plans against actual. The Authority now has the October census information and this is being cross referenced against the plans.

Work is continuing with the final school to achieve a recovery plan that will form the basis of the License Deficit and this is proving challenging for all parties. Legally, a school has to be brought into a balanced budget through the license within a three year period and more information will be brought to the next School Forum meeting.

A full breakdown of individual schools support can be found at Appendix 4.

8. RISK ASSESSMENT

- 8.1 The uncommitted contingency currently stands at £0.658m; there are a number of significant risks to the DSG this year and in 2012/13. One risk is that for academy converters the DfE deduct funding above and beyond the Individual Schools Budget from the DSG which may not be recovered through Academy traded services buy-back. There is also a risk that the Secretary of State will enforce conversions and in such instances any deficit balance would not transfer to the successor organisation. To manage this risk the School Forum agreed on 20 October 2011 that any underspend on the 2011/12 DSG is used to establish a reserve account to help underwrite any deficit budgets that might need to be funded by the Schools Budget where a school is performing below the floor target and the Secretary of State imposes a structural solution.
- 8.2 The DfE announced the DSG settlement on 14 December 2011. The Minimum Funding Guarantee for schools will remain at -1.5% (per pupil) and the overall DSG will be protected by a cash floor of -2%. Whilst this will reduce the DSG in 2012/13 by £2.334m, with further reductions relating to any Academy conversions, it is in line with our expectations and the Schools Forum has already started to consider how this will be achieved. A report elsewhere on the agenda develops this forecast position.

9. COMMUNICATIONS ISSUES

An earlier draft of this report was presented to the Formula Review Group on 14th December 2011. The report will be communicated via normal Schools Forum protocols.

10. CONCLUSION

The DSG monitoring shows that it is forecasting an underspend. As agreed previously, any underspend will be transferred to a reserve to manage future risks.

**DAMIAN ALLEN
EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY
SERVICES**

Contact Officer:	Rob Alcock	443 2701
	Diane Williams	443 3222
	Mark McKenna	443 5650
	David Norton	443 3215

Background Papers:

Schools Forum 24 November 2011 - School Budget & Dedicated Schools Grant 2011/12

Schools Forum 20 October 2011 - School Budget & Dedicated Schools Grant 2011/12 & Academies Update Report

Schools Forum 17 March 2011 – Mainstreaming of Grants

Appendices:

Appendix 1 - Section 251 2011/12 Table 1 – Schools Budget

Appendix 2 – Criteria for Additional Funding for Exceptional Increase in Pupil Numbers

Appendix 3 – Human Resource Support to Schools in Financial Difficulty

Appendix 4 - Finance Support for Schools in Financial Difficulty 2011/12

Section 251 2011/12 Table 1 – Schools Budget

	Original Budget	Budget as at 30 Sept 2011	Budget as at 31 October 2011	Actual @ 31st Oct. 2011	Variance from 30 Sept. 2011	Notes
	£m	£m	£m	£m	£m	
Total ISB	£100.190	£100.190	£100.295	£100.223	3: £0.051 4: (£0.018) 6: £0.072	3: Exc. Pupil 4: Nursery Adj. 6: Rates funding adj.
Schools Specific Contingency	£ 2.966	£1.991	£1.306	£0.065	1: (£0.022) 2: (£0.050) 3: (£0.051) 6: (£0.072) 7: (£0.238) 8: (£0.287) 9: £0.035	1: Whiston Hospital Unit (WHU) 2: Maternity & TU 3: Exc. Pupil increases 6: Rates funding adj. 7: Virtual School 8: Termination of Employment 9: HR Support schools financial difficulty
Early Years Contingency	(£ 0.051)	£0.080	£0.083		4: £0.018 5: (£0.015)	4: Adj. following Autumn census 5: Increase in EY SENCO
Provision for pupils with SEN (including assigned resources)	£ 3.584	£3.584	£3.584	£0.654	£0.000	
SEN Support Services	£ 1.236	£1.236	£1.265	£0.905	1: £0.014 5: £0.015	1: WHU 5: SENCO
Support for inclusion	£ 0.192	£0.192	£0.192	£0.016	£0.000	
Support for schools in financial difficulty	£ 0.104	£0.499	£0.464	£0.211	9: (£0.035)	9: HR Support
Fees for pupils in non maintained Special Schools	£ 2.036	£2.036	£2.036	£1.138	£0.000	
Inter Authority recoupment	£ 0.607	£0.607	£0.607	-£0.280	£0.000	
Contribution to combined budgets:- <ul style="list-style-type: none"> • Safer Schools Partnership (£0.082) • Safeguarding / Children's Trust (£0.042) 	£ 0.762	£0.762	£1.000	£0.017 £0.042	7: £0.238	7: Virtual School £0.238

	Original Budget £m	Budget as at 30 Sept 2011 £m	Budget as at 31 October 2011 £m	Actual @ 31 st Oct. 2011 £m	Variance from 30 Sept. 2011 £m	Notes
<ul style="list-style-type: none"> Advanced Skills Teachers (£0.331) Diploma funding (£0.146) CIN / Security / SIMS (£0.111) Disabled children short breaks (£0.050) Virtual school (£0.238) 				£0.135		
Pupil Referral Units	£ 1.857	£1.857	£1.857	£0.839	£0.000	
Behaviour Support Services	£ 0.052	£0.052	£0.052	£0.031	£0.000	
14–16 More practical learning options	£ 0.354	£0.354	£0.354	£0.148	£0.000	
Education out of School	£ 0.140	£0.140	£0.148	£0.071	1: £0.008	1:WHU
Central expenditure on Education of Children under 5's	£ 0.042	£0.042	£0.042	£0.025	£0.000	
Support for under performing ethnic minority groups and bilingual learners	£ 0.067	£0.067	£0.067	£0.039	£0.000	
Free Meals eligibility Administration	£ 0.021	£0.019	£0.019	£0.019	£0.000	
Milk in Schools	£ 0.095	£0.095	£0.095	£0.105	£0.000	Milk Grant claims to be done
School Admissions	£ 0.239	£0.239	£0.239	£0.145	£0.000	
Licenses / Subscriptions	£ 0.096	£0.096	£0.096	£0.056	£0.000	
Miscellaneous– Includes Schools Procurement Support	£ 0.020	£0.020	£0.020	£0.010	£0.000	
Servicing of Schools Forum	£ 0.057	£0.057	£0.057	£0.033	£0.000	
Termination of Employment costs	£0.000	£0.000	£0.287	£0.00	8: £0.287	8: Term of Emp costs
Purchase of carbon commitment allowances	£ 0.123	£0.123	£0.123	£0.000	£0.000	
School Maternity	£ 0.450	£0.450	£0.500	£0.184	2: £0.050	2: Maternity
Threshold Funding – Non devolved	£ 0.076	£0.076	£0.076	£0.076	£0.000	
Capital Expenditure from Revenue (CERA)(Schools)	£0.000	£0.180	£0.180	£0.000	£0.000	
Prudential borrowing costs	£ 1.361	£1.361	£1.361	£1.361	£0.000	
TOTAL SCHOOLS BUDGET	£116.676	£116.405	£116.405		£0.000	
Dedicated Schools Grant (DSG) – Schools Budget	£116.676	£116.676	£116.676		£0.000	
Schools Specific Contingency balance from 2010/11	£0.000	-£0.271	-£0.271		£0.000	

TOTAL FUNDS AVAILABLE	£116.676	£116.405	£116.405		£0.000	
------------------------------	-----------------	-----------------	-----------------	--	---------------	--

Note:

1: Whiston Hospital Unit – increase for second post – 4.6

2: Maternity & Trade Union duties – increase in costs – 4.7

3: Exceptional Pupil Number increase – contribution to qualifying schools budget – 4.3

4: Adjustment to Nursery Funding following Autumn Census – 4.4

5: Early Years SENCO – 4.5

6: Mid-year rates funding adjustment in relation to the Centre's for Learning – 4.8

7: Transfer of Virtual School to contribution to combined budgets – 4.9

8: Transfer of potential redundancy costs from Equalisation to Termination of Employment Costs – 4.10

9: HR reduction of funding from the Schools in Financial Difficulty – 7.2

10: Reconciliation of Schools Specific Contingency:

As per Appendix A	£1.306m
As per table in section 4.1	<u>£1.145m</u>
Variance	£0.161m

Reasons for Variance:

Halewood term devolved funding	£0.065m
Pension Lump Sum Closed Schools	£0.019m
Gerald Eve Fees – 4.8	<u>£0.077m</u>
Total	£0.161m

CRITERIA FOR ADDITIONAL FUNDING FOR EXCEPTIONAL INCREASE IN PUPIL NUMBERS

1. CENTRES FOR LEARNING

1.1 The Criteria

Additional funding will be allocated to Centre's for Learning which meet both of the following criteria:

- The total number of pupils on roll on the September count day exceeds the total number on roll, on the Annual Schools Census (ASC), in the same calendar year by more than 20.

And

- The number of pupils on roll in Year 7 in September exceeds the number of pupils who were on roll in Year 11 in the previous January by more than 20.

1.2 The Funding

The funding will be based on the number of pupils on roll, in excess of 20, under either [i] or [ii] above. The lower number will be used in all cases.

The allocation per qualifying pupil will be 7/12ths of the Age Weighted Pupil Unit (AWPU) at age 11 and Additional Pupil Led Funding for the current financial year.

2. PRIMARY/JUNIOR/INFANT SCHOOLS

The Criteria

Additional funding will be allocated to Primary, Infant and Junior Schools which meet both of the following criteria:

- The total number of pupils on roll on the September count day exceeds the total number on roll, on the Annual Schools Census (ASC) in the same calendar year, by more than 10.

And

- The number of pupils on roll in Reception or Year 3, as appropriate, in September exceeds the number of pupils who were on roll in Year 2 or Year 6, as appropriate, in the previous January by more than 10.

2.2 The Funding

The funding will be based on the number of pupils on roll in excess of 10 under either [i] or [ii] above. The lower number will be used in all cases.

The allocation, per qualifying pupil, will be 7/12ths of the Age Weighted Pupil Unit in Reception.

Human Resource Support to Schools in Financial Difficulty

School	Human Resources Time (1 April 2011 - 30 November 2011) (DAYS)
Knowsley Park Centre for Learning	5.1
Huyton Arts and Sports College	14.79
Kirkby Sports College	9.38
All Saints Catholic Centre for Learning	7.31
Christ the King Centre for Learning	25.22
Halewood Centre for Learning	3
Miscellaneous	8.83
TOTAL	73.63

Agreed budgeted days for year (DAYS)	250
--------------------------------------	-----

NB Miscellaneous covers work undertaken for a number of Schools/Centres for Learning and support via the redeployment process

Finance Support for Schools in Financial Difficulty 2011/12

School	31/3/10 General Balance	31/3/11 General Balance	Finance Time April to November	Key
Primary				
MALVERN PRIMARY	-£61,691	-£186,127	0.7	LD
PARK VIEW PRIMARY	£5,925	-£8,305	0	NA
MOSSCROFT PRIMARY	-£15,246	-£17,018	0.3	LD
PRESCOT COUNTY PRIMARY	-£94,800	-£15,366	0.2	LD
BROOKSIDE PRIMARY	-£188,162	-£209,902	0	CSP
ST BRIGIDS	-£36,281	-£51,328	0.2	LD
OVERDALE PRIMARY	£34,315	-£4,111	0	CL
KIRKBY CE	-£17,712	-£13,217	0.2	LD
ST MICHAEL AND ALL ANGELS RC	-£78,677	-£55,747	0.2	LD
SS PETER & PAUL'S RC	-£126,965	-£55,663	0	LD
Secondary				
KNOWSLEY PARK CfL	£110,690	-£500,317	2.1	LD
HUYTON ARTS AND SPORTS CfL	£43,695	-£109,281	0.6	LD
KIRKBY SPORTS COLLEGE CfL	£276,346	-£151,059	1.3	LD
ALL SAINTS KIRKBY CATHOLIC CfL	£101,898	-£419,696	7.0	LD
ST EDMUND ARROWSMITH CATHOLIC CfL	£41,276	-£487,575	2.7	LD
CHRIST THE KING JOINT CHRISTIAN CfL	-£652,448	-£1,212,567	16.0	RLD
Special				
HIGHFIELD SCHOOL	-£18,575	-£47,582	1.6	LD
Total			<u>33.1</u>	

Agreed Budgeted days for year = 96 days

Expected days after 8 months = 64 days

LD - In line with agreed Licensed deficit

RRLD - Although school had agreed a recovery plan, this now requires revising

CL – Closed School

CSP - School due for closure and within Closing School Protocols

RLD - Requires Licensed Deficit

NA - No action required as deficit below £0.010m

This page is intentionally left blank

METROPOLITAN BOROUGH OF KNOWSLEY

To: Schools Forum

Meeting: 19 January 2012

Wards Affected: Borough Wide

Portfolio area: Children and Family Services

REPORT OF THE RESOURCES AND SUPPLY GROUP

FUTURE SCHOOLING IN KNOWSLEY (FSK) UPDATE

1. PURPOSE OF THE REPORT

The purpose of the report is to provide the Schools Forum with a programme update on Future Schooling in Knowsley. It also examines indexing funding for Unitary Charges, provides an update of the work undertaken by Human Resources, Finance and the Governance Team and examines the principles for funding pay protection and redundancy costs.

2. RECOMMENDATIONS

The Schools Forum is requested to:-

- 2.1 Note the programme update;
- 2.2 Note the principles for funding pay protection and redundancy costs;
- 2.3 Encourage all schools to complete the attached pro forma when assessing redundancy and pay protection implications from staffing reviews;
- 2.4 Note the impact of indexation on Unitary Charge and Prudential Borrowing Costs budgets from 2012/13; and
- 2.5 Agree that a transformational bid for one off funding in 2011/12 as set out in 5.11 be supported in principle to a value not exceeding £0.069m.

3. BACKGROUND

- 3.1 The Schools Forum and Formula Review Group receive regular updates on the Future Schooling programme and this report provides the latest position.
- 3.2 In October 2010, the Schools Forum agreed the following principles:

- A school will fund the cost of redundancy and/or pay protection where the school Governing Body is responsible for the decision and receives the eventual benefit.
 - The Dedicated Schools Grant (DSG) will fund the cost of redundancy / pay protection (for up to three years) where the eventual benefits will accrue to the DSG.
 - The Local Authority will fund the cost of redundancy and pay protection where there are no eventual benefits to the DSG; the Local Authority has been party to the decision making process and all other funding opportunities have been explored.
- 3.3 The FSK programme has been supported throughout by clear policies and procedures with appropriate financial frameworks. As part of this, the Knowsley Redeployment Scheme for School Based Employees was agreed by Cabinet on 8 December 2004. Subsequently, a revised Staffing Review Policy was established and distributed to all Knowsley schools in February 2006. This was then reviewed and re issued to schools in March 2011.
- 3.4 In determining an appropriate financial infrastructure it is important to note that there are differences between the Teachers Pensions regulations covering teachers and the Local Government Pension Scheme covering non teaching staff.
- 3.5 The Staffing Review Policy has been developed with the support and commitment of the Council and its partners the Diocesan and Archdiocesan Authorities to provide a framework to facilitate the changes arising from the Building Schools for the Future (BSF) and Statement of Implementation (Sol) programmes. The Policy is also for use in circumstances where a proposed staffing change for an operational, budgetary or other significant reason is required.
- 3.6 The Policy has been consulted upon with relevant trade unions and professional associations and will be reviewed on a regular basis to ensure its continued fitness for purpose.
- 3.7 The Policy is designed to maintain high standards of teaching and learning throughout change programmes and in circumstance of staffing review for other reason, through ensuring staff retention, recruitment and redeployment. It also aims to avoid unnecessary redundancy among school staff and allows for a pay protection framework for colleagues who are successfully redeployed. When redundancy or pay protection is necessary it is important that there is a clear financial framework to support the resultant costs.
- 3.8 The Policy applies to all schools in circumstances where staff at that school are considered at risk.
- 3.9 The purpose of the Staffing Review Policy is to;-

- Outline the procedural framework in support to those circumstances where a reduction in the workforce is a possibility;
 - Seek all options to the redeployment of employees displaced and considered 'at risk' by active collaboration with and between other schools in the Borough, the Council, and its partners the Archdiocesan and Diocesan Authorities, to maximise access to alternative vacancies;
 - Ensure lawful redundancy procedures are applied in circumstances where employees whose posts are disestablished do not secure alternative employment during their 'at risk' period.
- 3.10 Where staff have not secured suitable alternative employment at the date of school closure or application of a new staffing structure (in circumstances of staffing reduction) they will be identified for redundancy. In order to qualify for a redundancy payment affected staff must have at least two years' continuous service with any organisation covered by the Redundancy Payments (Continuity of Employment in Local Government etc (Modification) Order 1999, as amended).
- 3.11 Redundancy payments are calculated on current pay, therefore, if school staff work on a job-share or part-time basis they will receive a payment calculated at their present weekly pay. Length of continuous local government service is taken into consideration in calculating the number of week's redundancy pay to which individuals are entitled.
- 3.12 Where, through successful redeployment to a post in another school, a member of staff would suffer a reduction in their remuneration, the appointing school's governing body will maintain the level of remuneration prior to the redeployment subject to the pay protection principles within the Staffing Review Policy.
- 3.13 The Policy can be accessed through the following link:
- http://bertha.knowsley.gov.uk/Staff_Staff/Your_job/Pages/HumanResourcesDocumentsforSchools.aspx
- 3.14 The Staffing Review Policy refers to the use of a Business Case Pro-forma for the circumstance of considering requests for voluntary redundancy. The pro forma was not included with the Policy and has been developed by the Resources and Supply Group and is attached at Appendix A.
- 3.15 The common sense approach in determining funding principles is to consider whether the overall school system, the individual school or the Children and Family Services Directorate benefits from the redundancy/retirement/pay protection and who actually makes the decision. This then needs to be considered within the legal framework provided by the School Finance (England) Regulations 2011. A few examples help to illustrate this as set out below, these are summarised in Appendix B.

- 3.16 A school receives a request from an administrator for early retirement. The school considers the request and obtains pension estimates including capitalised costs via Payroll (or supported by their link HR officer). The pro-forma (Appendix A) is completed and the Governors make a decision to release the individual without the need for the business case to be approved by the Council. The school benefits in this situation and therefore picks up the associated costs.
- 3.17 A school is closing as part of the Transformation Programme and several staff have expressed an interest in voluntary redundancy. In this scenario the wider system benefits. The staffing pro forma would need to be completed for each member of staff and sent to the Education, Schools and Partnerships Resource Manager. Costs should be contained within the model agreed by the Schools Forum on 2 December 2010 set out in Appendix C.
- 3.18 A school undertakes a whole school review in conjunction with the Local Authority and there are significant redundancy and/or pay protection costs arising from the implementation of the recommendations for school reorganisation. The staffing pro forma would need to be completed for each member of staff and agreed by the Governing Body. As there would be longer term savings to the school the costs would fall to the School.
- 3.19 The Council agrees to approve a voluntary redundancy of a member of staff employed by the Children and Families Services Directorate who is funded by the Dedicated Schools Grant (nationally staff in this category include those within Pupil Referral Units, some Behaviour Support Services and School Admissions). The staffing pro forma would need to be completed by the appropriate Service Manager and sent to the Education, Schools and Partnerships Resource Manager. If overall financial efficiencies can be demonstrated then the DSG would meet the cost as agreed by the Schools Forum. If financial efficiencies cannot be demonstrated the costs will fall to the Local Authority.
- 3.20 Staff within a school receive pay protection allowances following the introduction of a staffing review. As the eventual savings will accrue to the school the school would bear the cost for the pay protection.
- 3.21 A member of staff within a school receives a pay protection allowance following a transformation scheme. If the transformation scheme results in demonstrable savings (for example through a school closure) which will benefit the wider DSG the pay protection allowance will be funded through the DSG (from the school closure budget or the School Specific Contingency) for three years only. Any pay protection beyond this point would fall to the school.

4. PROGRAMME UPDATE

4.1 Special Educational Needs (SEN)

The build programme is progressing to timescale. The external facing brickwork is well underway to the Primary, Secondary and Post 16 wings. The roof is 80% complete and the internal floor screed is 70% complete. Where the floor has been finished, the internal partitions have been erected so we can start to see the interior of the building taking shape. During November, Governors and members of the Senior Management Team from both schools attended a site visit.

Work continues on the design programme with the proposals for access control and assistance alarms discussed with the schools. The internal classroom layouts have been presented to teaching staff and formally signed-off. Finally, a proposal for the interior colour scheme is currently being prepared and will be presented in January.

4.2 ICT

There has been excellent progress with the Primary and Special PLE. Following the decision for the Central Cluster to be the first to roll out – the first ten schools have been identified, support materials produced, individual consultation meetings have taken place with the ten schools in the first cohort and a school project group has been formed.

The project group is proving to be extremely supportive and proactive in progression of the roll out and recommendations from the group are helping to shape the project. Damian Kenny has provided his support to ensure the lessons learned are brought forward from the secondary sector. Maria Bannister attended Special Heads Forum to discuss. At the request of the schools, training and roll out will begin in earnest after the Christmas break.

4.3 BSF Funding Account - Indexation

4.3.1 At the last meeting the School Forum discussed that the Schools Forum on 24 May 2007 agreed that contributions to the BSF Funding Account contributions would be uplifted for inflation on the same basis as the Unitary Charge / ICT Services Contract / Soft FM SLA basis. It was also agreed that if the Dedicated Schools Budget receives an annual inflationary increase which is less than the PFI contractual bases, the contributions will be increased by the same amounts as the DSG. In that year, the BSF Funding Account would meet any shortfall.

4.3.2 This basis was applied since contract signature in 2007 which has increased the affordability gap for the Council. It is recognised that the increase will be a budget pressure on the DSG at a time of reducing resources and while the Council also faces severe budgetary pressures in the current climate the shortfall cannot be met from Council resources. The School Forum noted at its meeting on 24 November 2011 that this was no longer affordable and that for 2012/13

the PFI charges will be increased to reflect the Retail Price Index (excluding mortgage costs) (RPIx) figure published for February 2012. The latest RPIx annual increase figure is 5.6% at October 2011.

4.3.3 Based on an RPIx of 5.6% this may mean increases as set out below:-

	Budget £000	Potential Increase £000
Prudential Borrowing Costs	1,361	76
Unitary Charge Buildings (excluding Rates, Soft Facilities Management and Meals)	2,989	167
Unitary Charge Soft Facilities Management (DNS)	1,240	18*
Unitary Charge ICT	868	49
Total	6,458	310

*The potential increase in DNS budgets shown in the table above is based on an increase in RPIx on the Materials and Equipment element of the budget with the balance of the budget relating to staff costs being based on a potential 1% pay increase.

4.3.4 The increase in Unitary Charges will be met through the DSG as an inflationary increase and so consequently there will be a neutral impact on the Centre for Learning (CfL) budgets but it does become a significant budget pressure on the DSG. The increases Centres will have to pay will be added to the CfL cash limited budget.

5. EQUALISATION FUNDING

5.1 Transformation projects for 2011/12 were defined by the Schools Forum on 10 February 2011 as being:-

- Northwood and Hope Joint Faith Primary (both opening April 2011 – support will be provided until the Temporary Governing Bodies (TGB's) are incorporated as a substantive Governing Body to take effect at the beginning of 2012).
- Stockbridge Primary opening September 2011 (governance support will be provided to the TGB through to its incorporation December 2011/January 2012).
- Designated Special Provision at Yew Tree (formerly Greengates) opening September 2011.
- Springfield/The Elms Project for full year opening September 2012.

It was agreed that Equalisation funding of £0.086m would be used to meet the cost of Human Resource (HR), £0.021m Finance and £0.025m Governance in 2011/12.

5.2 On the 24 November 2011 the Schools Forum agreed that the Academy Programme developments could also be assigned against

the Transformation strand of the Equalisation Budget provided that it can be managed within the existing budget provision.

- 5.3 The equalisation budget position reported to the Schools Forum on 24 November 2011 is set out below and an updated position, including estimates for 2012/13 is set out in 5.10.

Equalisation Budget	Amount (£m)
Pay Protection and Capitalised Costs	£0.077
Pre-Opening Budgets	£0.052
Human Resource Contribution	£0.086
Finance Contribution	£0.021
Governors Contribution	£0.025
Potential Redundancies	£0.287
Park Brow Funding	£0.022
Available for Transformation Bids	£0.069
Total	£0.639

5.4 Pay Protection

A significant amount of pay protection was as a result of the secondary transformation programme. Repayment of the Capitalised costs was over the period 2009 to 2011 (3 years). The pay protection element for certain schools was also set to terminate at latest August 2012. It was agreed at Schools Forum in July 2011 that early repayment of the capitalised costs would be met from the 2010/11 under spend, leaving a balance of £0.077m to meet the costs of pay protection in 2011/12. The budget has been pro rated for 2012/13 due to the part year effect to £0.041m. Confirmation of actual pay protection amounts will be available in January.

The 2011/12 closures of schools in the Primary and Special sector has resulted in the DSG meeting pay protection for the next three years as set out below:-

	2011/12	2012/13	2013/14
Pay Protection			
Yew Tree scheme	£8,647	£8,647	£8,647
Stockbridge scheme	£0	£0	£0
Northwood Scheme	£10,994	£10,994	£10,994
Total Pay Protection	£19,641	£19,641	£19,641

Although the table shows the new schools, the pay protection is linked to the closed schools. These have not been identified as it could identify individuals.

The future costs of pay protection will be dependent on staffing remaining static, and based on historic information, it is likely to be lower than these initial estimates.

5.5 Pre Opening Budgets

There has been no change to this budget for 2011/12.

For 2012/13 the Spring/Elms transformational scheme results in two schools occupying the new build facility. As such the current school budgets can be used to fund the transformation process. As at the 31 March 2011 Springfield School had a balance of £0.078m and The Elms a balance of £0.171m. The situation will be monitored but at this stage it is not envisaged that transformational support (other than HR, Finance and Governance) will be required in 2012/13.

5.6 Human Resources

Current transformational activities undertaken since the last meeting being supported by Human Resources include:-

- Respond to specific queries and challenge from Trade Unions and Professional Associations including attendance at meetings.
- Preparation of draft timelines for specific projects.
- Support to individual schools on pay policies and SEN Allowances for School Teachers.
- Preparation of financial information relating to redundancies/pay protection.
- Attendance at Springfield/The Elms Federated Governing Body meetings.
- Development of timelines for Springfield/The Elms recruitment process.
- Development of TUPE timeline for Premises Officers at Springfield/The Elms.
- Consultation meetings with Balfour Beatty Workplace and Premises Officers employed at Springfield/The Elms.
- Management of consultation feedback in relation to Springfield/The Elms.
- Preparation of paperwork in response to consultation feedback in relation to Springfield/The Elms.
- Preparation of draft paperwork for Springfield/The Elms wider recruitment process.
- Advice and guidance on draft structure proposals for Springfield/The Elms.
- Review of existing posts and draft new structure for Springfield/The Elms.
- Communication with Balfour Beatty Workplace in relation to those Premises Officers employed at Springfield/The Elms.
- Meetings at Springfield and The Elms to determine substantive staffing structures.
- Attendance at Council meetings in relation to particular projects.
- Management of 'at risk' process including circulation of vacancies and direct support to individuals.
- Support to TGB's in relation to complaints/grievances including liaison with Legal Services.
- Management of complex issues raised from staff previously employed at Brookside Primary School including preliminary investigations and response to Trade Union challenge.

- Attendance at Central Area Heads meeting to discuss 'at risk' process.

Time Monitoring for period 1 April 2011 – 30 November 2011

Month	Minutes	Days
April 2011	7515	17.40 days
May 2011	7915	18.32 days
June 2011	7940	18.38 days
July 2011	10335	23.92 days
August 2011	9820	22.73 days
September 2011	8880	20.56 days
October 2011	8850	20.49 days
November 2011	8875	20.54 days
TOTAL	70130	162.34 days

The £0.086m equates to 286 days and the time analysis above excludes time spent on Academy work.

As indicated within paragraph 5.2 above, the HR service has also provided support relating to general Academies Work which is not included above. The work undertaken to date relating to general academies work has been:

- Review of Teachers Pensions documentation relating to new Academies
- Consideration and review of Academies Act 2010
- Research and review of DfE guidance 'A guide to becoming an Academy'
- Consideration of Transfer of Undertakings Protection of Employment Regulations and the associated work relating to assignment tests, consultation processes
- Teachers entitlement to statutory annual leave, how this would be presented under employee liability information in an academy transfer.

Up to and including 30 November 2011 this time totals 5 days bringing the overall total to 167.34 days against a 8 month profile of 190 days. It is anticipated that the annual budgeted days will be used in full as the transformation schemes in 5.1 and the Academy agenda progresses.

A full breakdown of the time recording can be found in Appendix D. The appendix shows a number of schools outside of those identified in paragraph 5.1. It should be noted that the work undertaken, specifically relates to the 'at risk' process and support to schools/individuals where there were vacancies. For information, the time apportioned to miscellaneous relates to work undertaken for more than one school.

5.7 Finance

The following work has been undertaken since last reported in November:-

- Brookside / Ninetree Primary School Post Closure work – This has included paying invoices and liaising with the Asset Management Team.
- Springfield / The Elms – The team has been supporting the Head teacher and Governing Body in amending the proposed structure following consultations. This has required close working with the Future Schooling team to ensure the structure can be accommodated taking into account potential unitary charges, as the scheme is under PFI.
- Secondary school closures. The finance team is still in consultation with some Centres for Learning to ensure costs, where legitimate, are met by the Centres, rather than the closed school.
- There has been general work on the emerging Academies developments; specific work for Halewood Centre for Learning is excluded from the time analysis.

A full breakdown of the time recording can be found in Appendix E.

5.8 Governance Support

The Temporary Governing Bodies (TGB) of Northwood Community Primary, Hope Joint Faith Primary and Stockbridge Community Primary have continued to be supported by the Service in relation to all decision making required both pre and post opening to establish each of the new schools. This comprises agenda setting and preparation for both full governing bodies and committees, clerking support, drafting of minutes and monitoring of actions and support to all linked processes e.g. HR and staffing to facilitate TGB decision making.

Stockbridge Community Primary School opened on 1 September 2011 and the Service continues to support the TGB with all required decision making and associated processes. This support will continue during the school's first term of operation until substantive governance is confirmed.

The service will continue to support Northwood Community Primary School and Hope Joint Faith Primary School TGB's until substantive governance arrangements are confirmed and implemented in accordance with the applicable regulations and statutory guidance.

Northwood, Hope and Stockbridge TGBs have each agreed the constitution of the substantive governing bodies and appointment and election of governors' is taking place. All three schools will have substantive governance fully incorporated by 1 February 2012.

The Service also provides support as required to the federation of Springfield and the Elms which is undertaking all necessary decision making in relation to the SEN1 Project.

5.9 Potential Redundancies and Capitalised Costs

The table below shows total costs of redundancies for the transformational schemes recently undertaken.

	2011'12	2012'13	2013'14
Redundancy			
Yew Tree scheme	£18,796	£0	£0
Stockbridge scheme	£76,700	£0	£0
Northwood Scheme	£0	£0	£0
Potential future costs		£200,000	
Total Redundancy	£95,496	£200,000	£0

Although the table shows the new schools, the redundancy is linked to the closed schools. These have not been identified as it could identify individuals.

Although it is not clear on future transformational projects, it would be prudent to set funding aside. Should this funding not be required, then it could be reallocated elsewhere.

5.10 Summary

The Equalisation at the beginning of 2011/12 was £0.819m and £0.180m of this was vired to Capital Expenditure from Revenue (CERA) to fund the Autism Unit at Central Support Centre. As reported to the Schools Forum on 24 November 2011 significant savings must be achieved in 2012/13 and a working assumption is that the Equalisation budget in 2012/13 will be capped at £0.400m.

As the transformation schemes have not yet been defined for 2012/13 (other than Spring/Elms and Academy developments) a report will be brought back to the next cycle of meetings with business cases for HR, Finance and Governance support.

Equalisation Budget	2011/12 (£m)	2012/13 (£m)
Pay Protection and Capitalised Costs (Linked to Secondary Transformation)	£0.077	£0.041
Potential Redundancies/Cap costs & Pay Protection (Commencing 2011/12)	£0.287	£0.020
Potential future redundancy costs	£0.000	£0.200
Pre-Opening Budgets	£0.052	£0.00
Human Resource Contribution	£0.086	TBD
Finance Contribution	£0.021	TBD
Governors Contribution	£0.025	TBD
Park Brow Funding	£0.022	£0.000
Available for Transformation Bids	£0.069	Balance TBD
Total	£0.639	£0.400

5.11 Available for Transformation Bids 2011/12 (£0.069m)

In 2011 Knowsley students achieved 40.5% 5A*-C including English and mathematics. In 2011 the national average for this measure was 58.3%.

An amount of matched funding is being requested to commission from Centres for Learning the securing of achievements of a targeted cohort of students to meet a “stretch” target for the 2012 Yr 11 cohort.

Centres will focus upon those students who require the most support to contribute towards the reaching of the agreed target.

A Personal Education Plan will be developed for each student within the targeted cohort setting out their expectations, barriers to be overcome and a strategy to address this. The PEP will identify the targeted support that needs to be funded.

The funding will be attached to each individual student and their PEP, bringing greater accountability for student outcome.

Each centre will receive a baseline funding to meet the identified requirements of the PEP’s plus a success bonus based upon the successful realisation of the achievements for the targeted students.

11-19 Education Transformation Executive will monitor the progress of the student cohort towards the agreed target.

Additionally at Key Stage 3 the LA will commission a range of KS3 projects across the Centres for Learning, against agreed criteria, to transform the educational experience and better prepare learners to benefit from their Key Stage 4 offer.

The outcome will be a KS3 curriculum model that strengthens learning and teaching by the integration of 21st Century skills and competencies through the framework of the subject offer.

On the 14 December 2011 the Formula Review Group discussed a more detailed developing paper on this matter and agreed in principle that the £0.069m available for Transformation bids could be utilised to support this subject to a more detailed business case being prepared.

6. RESOURCE IMPLICATIONS

Resource implications are set out within the report.

7. RISK ASSESSMENT

- 7.1 There is a risk that the Key Stage 4 overall Borough target of 50% A*-C will not be achieved and the transformation bid, outlined within the report (or elsewhere on this agenda), will help to reduce this risk.
- 7.2 Regular reporting of the programme provides an update position and helps to minimise risk.

8. COMMUNICATION ISSUES

An earlier version of this report was discussed and amended by the Formula Review Group on 14 December 2011. The report will follow usual Schools Forum protocols and will be distributed to all schools, governors and Councillors through the post meeting circular.

9. CONCLUSION

The report provides a summary of work that has been undertaken under the Future Schooling in Knowsley programme.

RESOURCES & SUPPLY GROUP

Contact Officers:

Sue Williamson	FSK Contract and Procurement Manager	0151 443 4683
Rob Alcock	Schools Finance Team Leader	0151 443 5650
Audra Ross	FSK Programme Manager	0151 443 4682
David Norton	Human Resources Manager (Schools)	0151 443 3215
Diane Williams	Education, Schools & Partnerships Resource Manager	0151 443 3222
Paul McNamara	Business Advisor, Knowsley Solutions	0151 443 3726

Background Papers:

The School Finance (England) Regulations 2006 & 2011
School Forum Report 29 June 2006 Funding Potential Redundancy and Pay protection Costs
Schools Forum Report 24 May 2007 BSF Programme Update
Schools Forum Report 21 October 2010 Funding Potential Redundancy & Pay Protection Costs
Schools Forum Report 2 December 2010 Future Schooling in Knowsley Update

Appendices:

Appendix A - Knowsley Schools Staffing Review Policy – March 2011
Appendix B - Redundancy / Retirement / Pay Protection Funding Examples
Appendix C - Efficiencies Mainstream School Closures
Appendix D - Transformation Work – Time Monitoring 1 April 2011 to 30 November 2011
Appendix E - Finance Transformation Activity Time Analysis 1 April 2011 to 30 November 2011

KNOWSLEY SCHOOLS STAFFING REVIEW POLICY

MARCH 2011

Education, Schools and Partnerships Resource Manager

REQUEST/APPROVAL FORM FOR VOLUNTARY SEVERANCE IN CIRCUMSTANCE OF ¹CLOSURE OF TWO OR MORE SCHOOLS WITH INTENTION TO REPLACE WITH A SINGLE SUCCESSOR SCHOOL OR ²NECESSITY TO REVIEW STAFFING NUMBERS OF AN EXISTING ESTABLISHMENT

PART A – to be completed by the successor school (refers to same school where paragraph 3.3.11 applies) on receipt of an ³Expression of Interest in voluntary severance submitted by an affected employee

PERSONAL DETAILS

Name	
Pay Ref No.	
D.O.B.	
Address	

POST DETAILS

Current Employer			
Job Title			
Proposed Date of Leaving			
Paragraph Under Which Leaving is Proposed	Paragraph 3.2.14 of the Schools Staffing Review Policy Framework Paragraph 3.3.11 of the Schools Staffing Review Policy Framework (delete as appropriate)		
Grade	⁴ Support Staff	⁵ Teaching Staff	
	Spinal Column Point	MPS/UPS	
	Additional Contractual Allowances	Additional Allowances (SEN, TLR, Other)	
Total Salary	XXXXXXXXXXXXX	XXXXXXXXXXXXX	
	⁶ Member of Local Government	Y/N delete as appropriate	

PART B – to be completed by the successor school (refers to same school where paragraph 3.3.11 applies) after Part A has been completed **AND** pension benefit information where appropriate has been obtained

¹ In accordance with Paragraph 3.2.14 of the Staffing Review Policy Framework

² In accordance with Paragraph 3.3.11 of the Staffing Review Policy Framework

³ There is no particular format in which an Expression of Interest should be submitted. Any submission should be in a format relevant to the circumstances of the particular review process

⁴ Complete for those staff employed under Local Government Staff Terms and Conditions

⁵ Complete for those staff employed under Teachers' Conditions of Service

⁶ It will be necessary to obtain an estimate of Pension benefits at the proposed date of leaving to incorporate any cost implication to the Council into Part B of this form. Such costs are known as 'Capitalised Costs'. Pension benefits information can be obtained via the Pensions Liaison Officer in the Council's Payroll Division

REASON(S) IF NOT APPROVED: _____
Signed: (Headteacher)
Date: _____
Signed: (Chair of Governors)
Date: _____
A copy of this business case/approval should be held on appropriate record within school

2. FOR APPROVALS WHERE DSG/LA BUDGET WILL MEET THE COSTS ASSOCIATED WITH THE BUSINESS CASE
APPROVED/NOT APPROVED (DELETE AS NECESSARY)
REASON(S) IF NOT APPROVED: _____

Signed: (Head of HR)
Date: _____
Signed: (Education, Schools and Partnerships Resource Manager)
Date: _____
Authorised: (Executive Director of Children & Family Services)
Date: _____
A copy of this business case/approval should be held on appropriate record within the school and HR/Finance

¹² Either Section 1 OR Section 2 should be completed as required dependent upon the source of funding to the request

Redundancy / Retirement / Pay protection Funding Examples

Example	Decision Maker	Eventual Beneficiary	Budget to fund the redundancy / retirement / pay protection		
			School	Wider DSG	LA (Cash Limit)
Early Retirement Admin	School Governing Body	School	Yes	No	No
School Closure	Council	DSG	No	Yes	No
Whole School Review	School Governing Body	School	Yes	No	No
Staff funded by DSG	Local Authority	DSG	No	Yes (if demonstrable savings)	No (Yes if no demonstrable savings)
Staff funded by LA	Local Authority	Council	No	No	Yes
Pay protection following school staffing review	School Governing Body	School	Yes	No	No
Pay protection as part of a transformation scheme	Local Authority / Schools Forum	DSG	No (yes after 3 years)	Yes (max 3 years)	No

Efficiencies Mainstream School Closures

Efficiencies	Closure Year 7/12 School Budget (if August close)	Year after Closure Full Year Implications of closure
Demands Against Efficiencies		
1 st Call – Any deficit budget	Yes	n/a
2 nd Call – Pupil Transfer	Yes	n/a
3 rd Call – Outstanding Transactions	Yes	Possibly
4 th Call – Security/demolition costs	Yes	Possibly
5 th Call – Administration post closure	Yes	Possibly
6 th Call – Split Site Issues*	Yes	Yes 5/12
7 th Call – Potential Redundancy/Early Retirement costs	Possibly	Possibly
8 th Call – Reorganisation Contribution e.g. BSF Contribution, potential prudential borrowing contribution	Yes Secondary Possibly Primary (not to Secondary BSF)	Yes Secondary Possibly Primary (not to Secondary BSF)
9 th Call – ISB to bridge the funding Gap	No	Yes

* Split site issues. As agreed at Schools Forum on 3 June 2009 that any receiving school incurring additional costs as a result of pupil transfer will receive funding

Efficiencies Special School Closures (Designated Special Provision)

Efficiencies	Closure Year 7/12 School Budget (if August close)	Year after Closure Full Year Implications of closure
Demands Against Efficiencies		
1 st Call – Any deficit budget	Yes	n/a
2 nd Call – Pupil Transfer to Designated Special Provision and corresponding cash limit transfer	Yes	n/a
3 rd Call – Additional Management Structure resulting from DSP and corresponding cash limit transfer	Yes	n/a
4 th Call – Outstanding Transactions	Yes	Possibly
5 th Call – Security/demolition costs	Possibly	Possibly
6 th Call – Administration post closure	Yes	Possibly
8 th Call – Potential Redundancy/Early Retirement costs	Possibly	Possibly
9 th Call – Contribution to affordability gap on Spring Elms PFI Build	Yes	Yes
10 th Call – ISB to bridge the funding Gap in Special Provision linked to specific increases in provision	Possibly	Possibly
11 th Call – DSG Savings	Possibly	Possibly

This page is intentionally left blank

TRANSFORMATION WORK
TIME MONITORING 1 APRIL 2011 - 30 NOVEMBER 2011

Appendix D

School	Total Support (Minutes)
All Saints	210
Altbridge	265
Blacklow Brow	85
Brookside	770
Christ the King	610
Cronton CE	105
The Elms	120
Evelyn	120
FSK only (Springfield/The Elms)	30770
Greengates	275
Halewood CFL	350
Halewood CE	160
Halsnead	265
Highfield	165
Holy Family (Cronton)	270
Holy Family (Halewood)	35
Hope	255
Huyton Arts and Sports CFL	790
Huyton with Roby	155
Kirkby Sports College	285
Knowsley Central	230
Knowsley Park	145
Knowsley Southern	650
Knowsley Village	180
Longview	120
Malvern	230
Millbrook	555
Mosscroft	180
Miscellaneous	8680
Ninetree	90

School	Total Support (Minutes)
Northwood	4225
Our Lady's	85
Park Brow	155
Park View	150
Plantation	50
Prescot Primary	135
Roby Park	325
SS Peter and Pauls	15
Springfield	125
St Aidans	140
St Aloysius	70
St Annes	35
St Brigids	95
St Columbas	155
St Gabriels	130
St John Fisher	160
St Joseph the Worker	30
St Leos and Southmead	40
St Margaret Mary's Infants	80
St Margaret Mary's Juniors	170
St Mary and St Pauls	55
St Michael and All Angels	215
Stockbridge Village	13680
The Sylvester	160
Westvale	15
Whiston Willis	30
Yew Tree	2485
TOTAL	70130

This page is intentionally left blank

Finance Transformation Activity Time Analysis 1 April 2011 to 30 November 2011

Transformation

	Days Allocated	Days Used
Knowsley Southern Primary Support	6	0.25
Brookside	6	4.5
Ninetree	6	6.5
Springfield	6	2.5
The Elms	6	2.5
St Dominic's Infants	6	1
St Dominic's Juniors	6	0.50
Overdale	6	4
Simonswood	6	4
Northern primary support	6	4
Secondary Sector Closing Schools		
Balances & payment invoices (All Saints, Ruffwood, Brookfield and SEA)		1
Primary Schools Closing Schools & Payment invoices (Simonswood, Overdale and Northern Support)		0.5
General	10	4.75
Academy Development Work	0	4.5
 Total number of days	 70	 40.5
Budgeted days to date		46
Total allocation	£ 21,000	
Allocation utilised to date		

This page is intentionally left blank

Distributed: 4 January 2012



MINUTES
Formula Review Group
14 December 2011

- Present:** Mike Marshall (Chair), Diane Williams, Rob Alcock, Peter Bradley (part), Lee Pimblett, Stuart Evans, Jeanette Grundy, Janet Smith, Cath Fairhurst, Kevin Mahoney, Julie King, Ann Bodell, Deborah Lee, Paul McNamara, Dave Roscoe (Item 11)
- Apologies:** Steve Logan, Ann Behan, Karen Mitchell, Linda Yates, Baljit Gandhi, Jane Maloney, Maria Taylor
- CC:** Damian Allen; Julie Young; Leanne Hornsby; Jo Serridge; Mark McKenna; Maria Bannister; Linda Liptrot; Victoria Meredith; Sue Williamson; Audra Ross; Dan Barlow; Julie Mallon (Item 2); John Flaherty (Item 2); Jan Freeman (Item 5); Claire McNally (for SPEB)

AGENDA ITEM	KEY POINTS	ACTION
2. Minutes of Meeting 1/11/11	<p>Minutes from 1/11/11 were agreed as an accurate record. Matters Arising:-</p> <p>School Meals Service Knowsley's School Meal Service has won a national award presented by the Association of Public Service Excellence (APSE) Education Catering for Best and Most Improved Performer for 2011. The service was measured and benchmarked against other local authority service providers both public and private sector; on the price of a school meal, service uptake both free and paid, productivity, quality assurance, staff training, nutritional standards, sustainable procurement and value for money.</p> <p>This award demonstrates that Knowsley's School Meal Service is performing better than peer authorities and is continuing to improve in spite of reducing budgets and the increasing demand placed on public services in this current economic climate. Clearly the increasing financial pressures families are facing will continue to have an impact on meal uptake which will remain our greatest challenge and driver to manage future costs and productivity outcomes.</p> <p>The Group thanked the school meals service and noted the value and importance of the meals service including the wider benefits.</p>	

AGENDA ITEM	KEY POINTS	ACTION
3. Terms of Reference, Membership and Project Plan	<p>Mike Marshall is now the official Chair of the Formula Review Group.</p> <p>The Terms of Reference and Project plan were reviewed.</p>	Diane Williams to update Terms of Reference and Project Plan
4. Early Years Update	<p>Ann Bodell gave a verbal update.</p> <p>Ann met with the Knowsley Primary Headteachers Forum Management Group to examine transition into nursery provision for pupils with SEN.</p> <p>The Private, Voluntary and Independent Network met on 8 November 2011 and meets again on 6 March 2012.</p> <p>Work is ongoing on the two year old offer and the DfE is currently consulting until 3 February 2012.</p>	<p>Ann Bodell to provide an Early Years update to the Primary Forum Group in February 2012</p> <p>Ann Bodell to provide project timescales</p>
5. SEN Update	<p>Mike Marshall provided a verbal update.</p> <p>The Inclusion Standards & Effectiveness Service has commenced circa 15 short life projects and a review of the funding envelope to look for efficiencies and savings in preparation for reduced DSG funding.</p> <p>The Schools Forum tasked the Service with examining the feasibility of a minimum of 5% saving on DSG budgets in 2012/13. This is proving problematic without service reductions and Mike suggested that 3% is more realistic.</p> <p>It was noted that the new autism provision due to open in spring 2012 has prevented more expensive out of borough placements (3 more pupils would have gone out of borough) and represents a good invest to save initiative.</p> <p>There was a discussion around school needs for an enhanced education psychology service. Mike explained that around 40% of the work currently undertaken was not statutory. Diane Williams explained that, budget permitting, this could be charged to the DSG as a "Contribution to Combined Budget" if the Schools Forum approved it or charged to schools as a traded service.</p>	<p>Mike Marshall to progress</p> <p>Mike Marshall to progress possibly with a one off Contribution to Combined Budget with a view to developing a traded service for the non statutory elements</p>

AGENDA ITEM	KEY POINTS	ACTION
5. SEN Update (continued)	<p>A headteacher representative suggested that clusters of schools could employ an Education Psychologist who could link into the authority team and that this may be a way forward in developing an enhanced service.</p> <p>Another representative asked that when a school buys in its own Education Psychologist advice does the LA have to act on the recommendations. Mike clarified that it did not although any evidence can be submitted as part of the statutory assessment.</p>	Mike Marshall to clarify this matter to all schools
6. Formula Factors Update	<p>Rob Alcock took the Group through a report which covered deprivation and Secondary Premises costs.</p> <p><u>Additional Educational Needs (AEN) and the Pupil Premium for Deprivation</u></p> <p>At the last meeting there was a detailed report and discussion and it was agreed to:</p> <ul style="list-style-type: none"> • Scale down the AEN formula factor in 2012/13 along with other factors such as staffing (which results in more funding being available for other formula factors); and • Retain the current formula for AEN in 2012/13 in that 60% will be distributed on Acorn hard pressed addresses, including Out of Borough addresses, and 40% on Free School Meals Eligibility. <p>Further modelling work was brought to the meeting and the DfE has now announced that the value of the Pupil Premium for deprivation will increase by 23% from £488 to £600 per eligible pupil in 2012/13. The DfE is also expanding the scope of the Premium to include pupils who have been eligible over the last 6 years.</p> <p>The RAISE on line tool was mentioned as a useful measure for tracking progress in the use of AEN and pupil premium funding.</p> <p>After a detailed discussion it was agreed that the Schools Forum should be asked to agree that:</p> <ul style="list-style-type: none"> • Within the Primary Sector the AEN control total would be reduced by 20% to release funding to other parts of the formula • Within the Secondary Sector the control total (before scaling) would not be reduced 	Schools Forum to approve

AGENDA ITEM	KEY POINTS	ACTION
6. Formula Factors Update (continued)	<p><u>Secondary Premises Costs</u></p> <p>Rob Alcock explained that the average spend per Centre for Learning is circa £7k and that the budget is £10k. It is appreciated that costs will increase in future and it was agreed to keep at £10,280 in 2012/13 and review next year.</p>	
7. Centre for Learning Business Rates	Rob Alcock presented a draft School Forum report which was discussed by the Group.	Rob Alcock to update the report and take to the next Schools Forum meeting
8. School Budget and DSG 2011/12	<p>Rob Alcock and Dave Norton presented a draft School Forum report, which included adjusted schools budgets for schools with exceptional increases in the number of pupils.</p> <p>The draft report was discussed by the Group and it was noted that part of the School Specific Contingency in future years could be held aside for potential academy conversions.</p> <p>It was confirmed to the group that the Human Resource allocation linked to schools in financial difficulty will be reduced by £0.035m, and that this will be transferred back into the schools specific contingency.</p>	Rob Alcock to update the report and take to the next Schools Forum meeting
9. School Budget and DSG 2012/13	<p>Diane Williams presented an update on the Pupil Premium for 2012/13 and advised that the DSG settlement details were due any time.</p> <p>A report or/and presentation will be prepared for the Schools Forum.</p>	Diane Williams to progress
10. Resources & Supply Group Update	<p>Paul McNamara presented the notes from 21/10/11 and the revised terms of reference.</p> <p>The Group noted that the number of meetings had been reduced and that minutes would no longer be produced. The meeting will be utilised to produce reports for the Formula Review Group and the Schools Forum.</p>	
11. Future Schooling Programme Update	<p>Diane Williams, Sue Williamson and Dave Roscoe discussed a draft Schools Forum report and a Raising Attainment paper which covered:-</p> <ul style="list-style-type: none"> • Application of the staffing review policy including a pro forma business case • Special Educational Needs (SEN) Update • ICT • BSF funding Account - Indexation • Equalisation Funding including monitoring HR, Finance and Governance 	Diane Williams to update the FSK report for the Schools Forum

AGENDA ITEM	KEY POINTS	ACTION
11. Future Schooling Programme Update (continued)	<ul style="list-style-type: none"> A developing proposal to raise Key Stage 3 & 4 performance in 2012 <p>There was a detailed discussion, particularly on indexation and raising attainment.</p> <p>The Group agreed in principle that a transformational bid for one off funding in 2011/12 be supported to a value not exceeding £0.069m, subject to a more detailed business plan.</p>	<p>Dave Roscoe to discuss the Raising Attainment paper with SPEB later today (14/12/11)</p> <p>Dave Roscoe to develop a more detailed business case</p>
12. Outcomes and issues to be shared with SPEB including LEAP	<p>In addition to SPEB receiving the minutes the following issue was highlighted:-</p> <ul style="list-style-type: none"> Key Stage 3 and 4 Performance, developing strategies and transformation 	Diane Williams to update the template
13. Review Deliverables	<ul style="list-style-type: none"> Minutes from 1/11/11 finalised. Achieved. Updated Terms of Reference. Achieved. Updated Project Plan. Achieved. An understanding on the latest Early Years position. Achieved. An understanding on the latest SEN position regarding the Inclusion Standards and Effectiveness Services Short Life Projects. Achieved. Agreements on the following funding factors:- <ul style="list-style-type: none"> Deprivation - Achieved Secondary Premises - Achieved An input into the following School Forum Reports (Achieved) <ul style="list-style-type: none"> Rates Schools Budget & DSG 2011/12 School Budget & DSG 2012/13 (verbal input) Future Schooling in Knowsley (including support for a transformation bid) Agreed Summary Template for School Partnership Executive Board Meeting on 18/1/12. Achieved. 	
14. AOB	None.	

FORMULA REVIEW GROUP MEETINGS 2011/12:-

Completed

Tuesday 17/5/11 1.00pm – 4.00pm Longview School (networking from 1pm meeting 1.30)
Wednesday 22/6/11 1.00pm – 4.00pm Halewood Centre for Learning
Wednesday 28/9/11 1.00pm – 4.00pm Halewood Centre for Learning
Tuesday 1/11/11 1.00pm – 4.00pm Kirkby Sports CfL
Wednesday 14/12/11 12.30pm – 3.00pm St Columba's Parents Room

Outstanding:-

Wednesday 29/2/12 1.00pm – 4.00pm Prescot Primary School

FORMULA REVIEW GROUP MEETINGS 2012/13:-

Wednesday 25/4/12 1.00pm – 4.00pm St Margaret Mary's Junior School

Wednesday 20/6/12 1.00pm – 4.00pm Prescot Primary School

(Please send your apologies to Diane Williams if you are unable to attend)

Summary of Decisions:

The Formula Review Group agreed:-

AEN/Deprivation Formula Funding

That the Schools Forum should be asked to agree that:

- Within the Primary Sector the AEN control total would be reduced by 20% to release funding to other parts of the formula
- Within the Secondary Sector the control total (before scaling) would not be reduced

Secondary Premises Costs

To keep at the current formula factor level in 2012/13 and review next year

Equalisation Bid

To give in principle support of up to £0.069m in 2011/12 to a transformational bid to raise standards in 2012/13

Summary of Action Points:

Diane Williams	<ul style="list-style-type: none">• Brief the Schools Forum on the decisions made by the FRG• Update the Terms of Reference of the Group for 2011/12• Update the project plan and add 2012/13 summer term dates to the school calendar• Update the FSK Programme Update for the Schools Forum• Write the School Budget & DSG 2012/13 report/presentation for the Schools Forum• Update the SPEB including LEAP Template
----------------	--

Schools Forum	<ul style="list-style-type: none"> • To ratify the minutes of the Formula Review Group • to agree that: <ul style="list-style-type: none"> ◦ Within the Primary Sector the AEN control total would be reduced by 20% to release funding to other parts of the formula ◦ Within the Secondary Sector the control total (before scaling) would not be reduced • To support an in principle agreement that a transformational bid for one off funding from the DSG in 2011/12 not exceeding £0.069m, be approved
Rob Alcock	<ul style="list-style-type: none"> • To update the Business Rates and DSG Report 2011/12 for the Schools Forum
Mike Marshall	<ul style="list-style-type: none"> • To progress the Inclusion Standards & Effectiveness Short Life Projects and bring appropriate reports back to the Formula Review Group • To progress developments to strengthen the school psychological service possibly with a one off Contribution to Combined Budget with a view to developing a traded service for the non statutory elements • To clarify to schools that when a school buys in its own Education Psychologist advice the LA does not have to act on the recommendations although any evidence can be submitted as part of the statutory assessment
Ann Bodell	<ul style="list-style-type: none"> • To provide an Early Years update to the Primary Forum Group in February 2012 • To provide project timescales for the two year old project
Dave Roscoe	<ul style="list-style-type: none"> • To discuss the Raising Attainment paper with SPEB later today (14/12/11) • To develop a more detailed business case for raising Key Stage 3 & 4 Attainment and accessing DSG transformation funding

This page is intentionally left blank

METROPOLITAN BOROUGH OF KNOWSLEY

To: The Schools Forum

Meeting: 19 January 2012

Wards Affected: Borough Wide

Portfolio area: Children and Family Services

REPORT OF THE EDUCATION, SCHOOLS AND PARTNERSHIPS RESOURCE MANAGER

SCHOOLS FORUM MEMBERSHIP FOR 2012/13

1. PURPOSE OF THE REPORT

The purpose of this report is to discuss membership arrangements for the Schools Forum in 2012/13.

2. RECOMMENDATIONS

The Schools Forum is asked to:-

- 2.1 Decide the size and membership profile for 2012/13; the suggested model is set out at 3.7;
- 2.2 Determine whether headteachers wish to organise the 2012/13 membership themselves as they have done in previous years (ensuring that every headteacher is aware of the process and has the opportunity to be elected); and
- 2.3 Note the Governor Membership for 2012/13.

3. BACKGROUND

- 3.1 Knowsley's Schools Forum came into operation in January 2003 and is a statutory part of the consultation process with schools.
- 3.2 The Schools Forum continues to develop its profile and has specific decision making powers, as well as remaining the principal body for consultation on all aspects of the Dedicated Schools Grant. Within Knowsley some of the detail is discharged through groups which report to the Schools Forum such as the Formula Review Group, the Facilities Management Group and the Asset Management Group.
- 3.3 The Department for Education issued a Schools Forum: Operational and Good Practice Guidance in December 2010 which the School Forum discussed at its meeting on 10 February 2011 and relevant elements were incorporated into the 2011/12 School Forum Constitution.

3.4 Local Authorities and Schools Forums now have to take decisions on the distribution of funding against a significantly reduced resource base. Additionally, within Knowsley pupil numbers continue to fall and this will significantly reduce the level of DSG available to the Borough in 2012/13 and 2013/14. It is important to get the decision making structure right for this programme of work, and also to ensure that the Schools Forum has the right membership and skills to fulfil its demanding role.

3.5 School Forums must have a minimum of 15 members and within Knowsley we currently have 22 members as set out below:-

School Members	16 (73%)	
Headteachers		11 (69%)
Governors		5 (31%)

Non School Members 6 (27%)

3.6 Forums must have 'schools members', 'non-schools members' and Academy member(s) if there is at least one Academy in the Authority's area. Schools and Academy members together must number at least two-thirds of the total membership of the Forum and the balance between primary, secondary and academies members should be broadly proportionate to the pupil numbers in each category.

3.7 On the assumption that Knowsley will have a secondary sector Academy for 2012/13 the recommended membership is set out below and the Forum is asked for views on this proposed model:-

School Members	15 (68%)	
Headteachers	10 (67%)	6 (Primary) 3 (Secondary) 1 (Special)
Governors	5 (33%)	

Academy Members 1 (5%)

Non School Members 6 (27%)

3.8 It should be noted that every possible eligible member of the constituency should be given the opportunity to stand for election; this means that every headteacher and all Governors need to be aware of the process. For headteacher elections for 2012/13 do schools wish to organise this for themselves as they have done in previous years?

3.9 Academies members must be elected by the governing bodies of the Academies in the Authority's area, and they are probably best placed to determine the process. Academies members are there to represent the governing bodies of Academies and are, therefore, not necessarily restricted to principals, senior staff or governors. Where there is only one Academy in

the Authority's area, then their governing body must select the person who will represent them.

- 3.10 For Governor representation the process for 2012/13 was carried out in summer 2011 and the 2012/13 membership is set out below:-

Representatives

Name	Phase	Area	Existing/New	Sector
Mrs Deb Lee	Primary	South	Existing	Community
Mr Vince Cullen	Primary (also Sec Gov)	South	New (Year 1 of 3)	Archdiocese
Mrs Irene Tuzio	Secondary (also Primary Gov)	Central	Existing	Community
Mrs Kerry Arands	Secondary	North	Existing	Archdiocese
Mrs Pam Jervis	Special	North	Existing (Year 2 of 3)	Community

Observers

Name	Phase	Area	Existing/New	Sector
Mr Neil Heague	Primary	Central	New	Joint Faith
Mr John Sass	Primary	Central	New	Church C of E

- 3.11 The Private, Voluntary and Independent Sector Representative in 2011/12 is Ann Bodell and in addition a person from the PVI Sector may shadow Ann and has Observer Status on the Forum. The proposal is for both of these arrangements to continue in 2012/13.
- 3.12 The statutory minimum number of meetings is 4 but because of the amount of business the Schools Forum will have in 2012/13 it is suggested that for 2012/13 the current arrangement of 6 meetings per year continues. The Schools Forum should discuss this and if it prefers the number of proposed meetings will be reduced. The proposed dates for the 2012/13 cycle will be brought to the next meeting; the first two meetings of the year are already set:-

17th May 2012
12th July 2012

4. RESOURCE IMPLICATIONS

There are no specific resource implications associated with this report; the 2012/13 budget for operating the Schools Forum will be discussed on 17 May 2012, in line with normal protocols.

5. RISK ASSESSMENT

- 5.1 There is a risk that the Forum may not be operating as efficiently and effectively as it could. This risk is minimised by regularly reviewing the Forum composition and operation and this report is a part of that review process.
- 5.2 The current Chair of the Schools Forum is Mrs Pam Jervis and since Mr Keith Skinner left in summer 2011 there has been no Co Chair and this results in a vulnerability for the Schools Forum. In order to ensure that there are 2 Co Chairs in 2012/13 School Forum members should begin discussing this with their colleagues.

6. EQUALITY AND DIVERSITY ISSUES

It is important that Forum members are representative of the diverse nature of schools, early year's settings and colleges and the children and young people they serve. The individual groups electing their representatives must be mindful of equality and diversity issues.

7. COMMUNICATIONS ISSUES

The outcomes from today's meeting will feature in the Schools Forum circular which is distributed to all schools and Councillors and is posted on the Governor's web site.

8. CONCLUSION

It is always important to balance experience with new ideas on the Schools Forum and an annual review of Membership is an important part of that process.

DIANE WILLIAMS
Education, Schools and Partnerships Resource Manager

Contact Officer: -

Diane Williams 0151 443 3222

Diane.Williams@knowsley.gov.uk

Background Documents:-

Schools Forums (England) Regulations 2010

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schools/revenuefunding/schoolsforums/a0014311/schools-forums>

DfE Publication – Schools Forums: Operational and Good Practice Guidance
2011/12 School Forum Constitution

Appendices (None)

METROPOLITAN BOROUGH OF KNOWSLEY

To: Schools Forum

Meeting: 19 January 2012

Wards Affected: Borough Wide

Portfolio area: Children and Family Services

REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

SCHOOL BUDGET AND DEDICATED SCHOOLS GRANT 2012/13

1. PURPOSE

The purpose of the report is to update the Schools Forum on planning for a significant Dedicated Schools Grant (DSG) reduction in 2012/13.

2. RECOMMENDATIONS

The Schools Forum is recommended to:-

- 2.1 Discuss progress to date and note that a further report will be brought to the next cycle of meetings;
- 2.2 Approve a "Contribution to Combined Budgets" in 2012/13 of £0.200m for personalisation schemes which primarily consists of the Virtual School for English and maths teachers;
- 2.3 Approve a "Contribution to Combined Budgets" in 2012/13 of £0.400m for Equalisation / Transformation Budgets;
- 2.4 Approve a "Contribution to Combined Budgets" in 2012/13 of £0.331m for Advanced Skills Teachers (AST's);
- 2.5 Agree that the April to August payment (£0.138m) for AST's is distributed to Schools via the Leadership Hub based on the 2011/12 methodology;
- 2.6 Agree that the Leadership Hub should be tasked with examining the use of the £0.193m for AST's (or the equivalent) from September 2012 to March 2013;

- 2.7 Note that the “Contribution to Combined Budgets” for CIN / Security / SIMS is £0.111m as approved by the Schools Forum on 17 March 2011.

3. BACKGROUND

- 3.1 As reported at previous meetings, the Schools Forum will be aware that the Dedicated Schools Grant (DSG) in 2011/12 is protected by a cash floor of £3.637m.
- 3.2 The Department for Education settlement was announced on 14 December 2011 and was in line with expectations. Knowsley’s DSG will reduce by 2% for 2012/13 which means that the 2011/12 budget of £116.676m will reduce by £2.334m to £114.342m.
- 3.3 There are no indications that the Diploma funding loss of £0.146m is in addition and this appears to be subsumed in the cash floor which is better for Knowsley.
- 3.4 The Academies programme will also have an impact on the amount of DSG resource availability. As discussed elsewhere on this agenda the DSG reduction for the Halewood conversion can not be accurately quantified and is dependant on the estimate process; classification of expenditure into Section 251 categories; decisions by the Schools Forum; pupil numbers and decisions by the DfE. For the purpose of this report it is assumed that the Halewood conversion will reduce the DSG by £0.181m (as set out at Appendix 1). In addition it is assumed that other schools may also convert during 2012/13 and a further £0.159m has been set aside for this resulting in an anticipated DSG reduction of £0.340m.
- 3.5 A summary is set out below showing the anticipated loss of DSG in 2012/13.

Reduction in DSG	2012/13 £000
General 2% reduction	2,334
Academy conversions	340
Total	2,674

4. 2012/13 BUDGET

- 4.1 The detailed estimate process is nearing completion and budgets will shortly be classified against Section 251 budget headings. In addition, the Schools Forum will be aware that significant resource has been held within the School Specific Contingency budget in the current year for one off items of spend and to help exit longer term projects. This strategy will help to manage the transition to a significantly reduced resource base.
- 4.2 Individual Schools Budget

4.2.1 The National and legal top priority is to fund schools budgets through the Individual Schools Budget (ISB); this priority is also supported locally. At the last Schools Forum meeting the methodology for calculating the ISB was discussed as summarised below:-

1. The local needs led formula devised by the Formula Review Group
2. National requirements, such as the Minimum Funding Guarantee per pupil
3. The local "Cash Limited Budget" for each of the Sectors ISB
4. Potentially for 2012/13 a 4th element, that of affordability

4.2.2 The DfE has now confirmed that the Minimum Funding Guarantee per pupil for 2012/13 is -1.5%. Initial broad brush calculations indicate that the potential 4th element of affordability will not be required in 2012/13. This will be examined in detail at the Formula Review Group meeting on 29 February 2012 and DRAFT budgets will be issued to schools the following week (week commencing 5 March 2012).

4.2.3 As discussed at the last meeting, one of the key components is pupil numbers and the appropriate adjustment to the local "Cash Limited Budgets". Changes to the previous report are set out below:

Cash limit Calculation	Comment
Previous Years Cash Limit	This is the ISB funding that went out to each of the sectors in the previous year so for 2012/13 it will be the 2011/12 Cash Limit. This will be adjusted to take out the Minimum Funding Guarantee element for 2011/12. The MFG will be applied for 2012/13 after all other amendments have been made.
Pupil Number Adjustment	This can be a reduction or an increase to each of the sectors cash limit. The adjustment is based on the January count so that for 2012/13 a comparison will be made between January 2011 and January 2012. The value to be added to or deducted from the cash limit is agreed at the February Formula Review Group meeting.
Rates	The cash limit is adjusted so that no school or sector gain or lose through the payment of rates and rates arrears/adjustments.

4.2.4 As pupil numbers are still falling the "need" within the ISB reduces and the pupil number adjustment will release funding to the DSG. Initial

estimates are that in 2012/13 the reduction will equate to circa £1.8m. This is based on the following pupil number initial estimates:

	January 2011	January 2012	Variance
Primary*	12,027	11,886	(141)
Secondary	6,841	6,437	(404)
Special**	473	473	0
Total	19,341	18,796	(545)

*Primary does not include nursery numbers

**Special numbers to be confirmed

- 4.2.5 As discussed in another report on this agenda on rates, there is an anticipated reduction in the Centre for Learning rates liability of £0.214m and this will be taken out of the ISB Cash Limit in line with normal protocols.
- 4.2.6 As discussed in another report on this agenda (Future Schooling in Knowsley Update) there are indexation budget pressures on the ISB. Based on a Retail Price Index (excluding mortgage costs) (RPIx) of 5.6% this may mean ISB increases as set out below:-

	ISB Budget £000	Potential Increase £000
Unitary Charge Buildings (excluding Rates, Soft Facilities Management and School Meals)	2,989	167
Unitary Charge Soft Facilities Management (DNS)	1,240	18*
Unitary Charge ICT	868	49
Total	5,097	234

*The potential increase in DNS budgets shown in the table above is based on an increase in RPIx on the Materials and Equipment element of the budget with the balance of the budget relating to staff costs being based on a potential 1% pay increase.

- 4.2.7 The increase in Unitary Charges will be met through the DSG as an inflationary increase and so consequently there will be a neutral impact on the Centre for Learning (CfL) budgets but it does become a significant budget pressure on the DSG. The increases Centres will have to pay will be added to the CfL cash limited budget.

4.3 Schools Specific Contingency Budget

- 4.3.1 The Schools Specific Contingency budget is calculated by taking all known DSG budgets, including the ISB from the allocated DfE Schools Budget and any remaining funding, referred to as "Headroom" becomes the Contingency. Use of this funding is then agreed and monitored by the Schools Forum and in 2011/12 a significant proportion of this was for one off items of expenditure (in part to manage anticipated reductions from April 2012).

- 4.3.2 It is too early to say what funding will be available for the School Specific Contingency and it will be the February Formula Review Group (once pupil numbers are established) before this information is available in draft format. At the last meeting the School Forum considered the current spending profile against the Section 251 published Budget Statement as set out below:

Category	S 251 2011/12 £000	Need 2012/13 £000	Comment
Personalisation	0.500	0.200	Whist there are still some commitments in 2012/13 considerable savings can be made as the programme draws to a close. A detailed report will be brought to a future meeting.
Equalisation / Transformation including the carry forward (£0.019m)	0.819	0.400	There are still commitments in 2012/13 but considerable savings can be made as programmes draw to a close. A detailed report will be brought to a future meeting.
Closing Schools including the carry forward (deficit £0.722)	(0.372)	0.000	The Schools Forum has agreed that any under spend in 2011/12 be set aside in a reserve account to help to underwrite any deficit budgets that might need to be funded by the Schools Budget where a school is performing below the floor target and the Secretary of State imposes a structural solution.
Closing Special Efficiencies	0.182	0.182	A further report is required as part of the Future Schooling in Knowsley programme.
Mainstreamed Grants not in the ISB	0.398	0.000	The grants were held in the School Specific Contingency in 2011/12 to protect the DSG as resources reduce and funding can be exited in 2012/13. The former grants were for: School Lunch Grant £0.178m SDG Balance £0.094m SSG (P) Balance £0.076m Extended Schools £0.050m

Equal Pay back Pay Brought Forward	0.257	0.000	If this funding is not utilised in 2011/12 it will be transferred to a reserve account for a contribution to a known liability. The Formula Review Group on 1 November 2011 suggested that more should be set aside for this purpose, subject to affordability.
Collaboration Brought Forward	0.060	0.000	One off resource.
Unallocated including Brought Forward (£0.016m)	0.720	0.000	This figure would be any remaining headroom.
Total	2.564	0.782	

Consequently, £1.782m of any reduction can be managed through these resource reductions.

- 4.3.3 The Schools Forum is asked to approve a reclassification in 2012/13 of the following budgets to “Contributions to Combined Budgets” and approve initial budget estimates for 2012/13 as follows:

	£000
Personalisation	0.200
Equalisation / Transformation	0.400

4.4 Contributions to Combined Budgets

- 4.4.1 The Schools Forum is the legal decision maker in agreeing Contributions to Combined Budgets, the latest position in 2012/13 is set out below.

Budget Area	2011/12 £000	2012/13 £000	Comment
Safer Schools Partnership	0.082	0.082	A further report will be brought to the next meeting seeking approval for the Contribution.
Safeguarding / Children’s Trust	0.042	0.042	A further report will be brought to the next meeting seeking approval for the Contribution.
Advanced Skills Teachers	0.331	0.331	The Schools Forum is asked to agree this contribution. It is also

			recommended that funding from April to August (£0.138m) is distributed on the current methodology and that the Leadership Hub is asked to consider the use of the remaining £0.193m from September 2012.
Diploma funding	0.146	0.000	Not required in 2012/13.
CIN / Security / SIMS	0.111	0.111	School Forum has already approved this for 2012/13.
Disabled children short breaks	0.050	0.050	A further report will be brought to the next meeting seeking approval for the Contribution.
Total	0.762	0.616	

4.4.2 Consequently the minimum saving is £0.146m (unless there are other requests for the School Forum to consider).

4.5 Support for Schools in Financial Difficulty

The current years published Section 251 Budget Statement has £0.104m for Finance and Human Resources support allocated to this line; this will be reviewed and an assessment of the 2012/13 requirement will be brought to the next meeting. It is anticipated that savings will be realised in terms of Finance and Human Resources support. However, it may be prudent to set funding aside for any forced conversions.

4.6 Special Educational Needs (SEN) Services

4.6.1 The Section 251 Budget Statement includes the following net SEN budgets in 2011/12. Initial estimates for 2012/13 are not available as yet and so estimated DSG reductions for the Halewood Academy conversion are based on the 2011/12 data updated as set out in Appendix 1.

Description	Net Budget 2011/12 £000	Net Budget 2012/13 £000	Academy £000	
Provision for pupils with SEN (including assigned resources)	3.584		N/A	Higher Level Needs Funding devolved to Schools.
SEN Support Services	1.236		0.046	Assuming a 5% reduction or

				reallocation
Support for inclusion	0.192		N/A	
Fees for pupils with SEN at Independent Special Schools	2.035		N/A	Gross £2.176m less £0.141m income.
Inter Authority recoupment	0.606		N/A	Gross £1.377m less £0.771m YPLA funding.
Pupil Referral Units	1.857		N/A	Gross £1.872m less £0.015m income.
Behaviour Support Services	0.052		0.003	
Education Out Of School	0.140		N/A	
Under performing ethnic minority groups and bilingual learners	0.067		0.004	
Total	9.769		0.053	

4.6.2 Work is progressing to release savings from these budgets. The School Forum tasked the Inclusion Standards and Effectiveness Services with examining the feasibility of a minimum of 5% saving on DSG budgets in 2012/13 which could release £0.488m to help support the DSG reduction. Fifteen short life projects were launched on 14 November 2011 and at the Formula Review Group on 14 December 2011 it was reported that this could not be achieved. Further work is progressing to release circa 3% which would equate to £0.293m although it is envisaged that part of this would be reinvested, for example into invest to save initiatives to release longer term savings. For the purpose of this report assumed savings have been taken at 2%, £0.195m in 2012/13.

4.7 Other Budget Areas

Description	Net Budget £000	
14–16 More Practical Learning Options	0.354	To be delegated in 2012/13. The level of delegation will be reduced by the 2% DSG reduction (£0.007).
Free Meals eligibility Administration	0.021	Efficiencies already made and the 2012/13 budget is likely to be

		£0.019m.
Licenses / Subscriptions	0.096	SIMS License - work is required to see if there will be a reduction to take account of reduced school numbers and Academy developments.
Purchase of carbon commitment allowances	0.123	It is anticipated that this budget will increase by £0.021m to circa £0.144m in 2012/13.
School Maternity	0.450	Demand led budget, to be reduced to take into account Halewood CfL becoming an Academy (circa £0.024m reduction).
Prudential borrowing costs	1.361	As reported to Schools Forum at its last meeting there could be an additional cost to the DSG on this budget line of £0.076m.

4.8 Summary of Anticipated Budget Reductions

Budget Reductions 2012/13	£000	Comment / Reference
Pupil Number Reductions	1.800	4.2.4
Rates Reduction to ISB	0.214	4.2.5
Unitary Charge Indexation	(0.234)	4.2.6
School Specific Contingency Budget	1.782	4.3.2
Contribution to Combined Budgets	0.146	4.4.2 Diploma funding
SEN Potential Budget Reductions	0.195	4.6.2
Practical Learning Options	0.007	4.7
Free Meals Eligibility	0.002	4.7
Carbon Allowances increased Costs	(0.021)	4.7
School Maternity	0.024m	4.7
Prudential Borrowing Costs	(0.076)	4.7
Total	3.839	

- 4.9 Anticipated budget reductions of £3.839 exceeds the required target of £2.674m by £1.165m. However, it must be stressed that figures are extremely provisional and assumed SEN savings of £0.195m are ambitious (and may not be desirable at this point in time in terms of need). Furthermore, the DSG will be in a vulnerable position again in 2013/14 and very initial cash floor calculates that this will be circa £3.962m; if there was no further reduction in pupil numbers this reduction would need to be managed outside the ISB. If there is any spare resource in 2012/13 the Schools Forum should look to one off pump priming schemes such as invest to save initiatives through “Contributions to Combined Budgets” or one off reductions in the need

versus funding gap. Further reports will be brought to the Schools Forum.

5 RISK ASSESSMENT

- 5.1 The cash floor protection and the Minimum Funding Guarantee have reduced the risk in 2012/13 for schools and for the DSG. However, pupil numbers have reduced significantly and the initial assessment is that the Cash Floor will be £3.962m in 2012/13. This, coupled with changes in DfE funding, puts Knowsley in a vulnerable position in 2013/14. The School Forum will help manage this risk as the budget position becomes clearer.
- 5.2 There is a risk that the DfE will use the “Contribution to Combined Budgets”, “Schools in Financial Difficulty” or other budget lines in the future to calculate the DSG reduction for academies. To minimise the impact of this the accounts will continue to be allocated in a transparent manner so that future queries from the DfE can be backed up with papers from the Schools Forum.
- 5.3 There is a significant risk of forced closures or Academy conversions as discussed at previous meetings and this can be managed by ensuring that there is sufficient flexibility within the DSG and a report will be brought to the Forum at its next meeting.

6 COMMUNICATIONS ISSUES

After the Schools Forum meeting the report will be made available to all schools, Governors and Councillors.

7 CONCLUSION

The future level of Dedicated Schools Grant is becoming much clearer and draft budgets will be issued to schools early March.

**DAMIAN ALLEN
EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY
SERVICES**

Contact Officer: Diane Williams 443 3222
Rob Alcock 443 2701

Background Papers:
None

Appendices:
Appendix 1 – Initial Estimates of Academy Reductions in 2012/13

Initial Estimates of Academy Reductions in 2012/13

18,796

Estimated pupil numbers Jan 2012

Estimated numbers of Halewood (exc 6th Form)

	11,886	6,437	473
		955	

LA Table: FUNDING PERIOD (2011-12)

DfE Financial Data Collection	LA Table Local Authority Information										
-------------------------------	--------------------------------------	--	--	--	--	--	--	--	--	--	--

Knowsley	LA Number				340
----------	-----------	--	--	--	-----

Description	Early Years	Primary	Secondary	Special	Gross Input	Gross	Income	Net	Deprivation	Halewood C/L	Potential loss 13'14
1. SCHOOLS BUDGET											
1.0.1 Individual Schools Budget	5,988,622	47,653,456	40,469,220	7,986,219		102,097,517		102,097,517	9.92%		
1.0.2 Pupil premium allocated to schools		1,643,890	946,430	79,980		2,670,300	0	2,670,300	100.00%		
1.0.3 Pupil premium managed centrally					15,050	15,050	0	15,050	100.00%		
1.0.4 Threshold and Performance Pay (Devolved)	0	0	0	0		0	0	0	0.00%		
1.0.5 Central expenditure on education of children under 5	42,319	0	0	0		42,319	0	42,319	0.00%		
1.1.1 Support for schools in financial difficulty	0	70,200	31,800	1,800		103,800	0	103,800	0.00%		
1.1.2 School specific contingencies (50% of 2011'12)	0	542,560	546,253	193,206		1,282,020	0	1,282,020	0.00%	100%	81,043 New
1.1.3 Early Years contingency	80,426	0	0	0		80,426	0	80,426	0.00%		
1.2.1 Provision for pupils with SEN (including assigned resources)	0	2,284,709	1,299,551	0		3,584,259	0	3,584,259	63.00%		
1.2.2 SEN support services (95% of 2011'12)	314,127	547,049	311,164	21,514		1,193,854	20,379	1,173,475	0.00%	100%	46,165 New
1.2.3 Support for inclusion	0	119,151	67,774	4,686		191,611	0	191,611	0.00%		
1.2.4 Fees for pupils with SEN at independent special schools & abroad	0	0	0	2,175,828		2,175,828	140,816	2,035,012	63.00%		
1.2.5 SEN transport	0	0	0	0		0	0	0	0.00%		
1.2.6 Fees to independent schools for pupils without SEN	0	0	0	0		0	0	0	0.00%		
1.2.7 Interauthority recoupment	0	131,164	507,723	738,247		1,377,134	770,574	606,560	63.00%		
1.2.8 Contribution to combined budgets	0	474,248	269,754	18,651		762,653	0	762,653	0.00%		
1.3.1 Pupil Referral Units	0	0	0	1,872,286		1,872,286	14,900	1,857,386	63.00%		
1.3.2 Behaviour Support Services	0	32,541	18,510	1,280		52,331	0	52,331	0.00%	100%	2,746
1.3.3 Education out of school	0	87,145	49,568	3,427		140,140	0	140,140	0.00%		
1.3.4 14-16 More practical learning options (Delegated in 2012'13)	0	0	0	0		0	0	0	63.00%	100%	0
1.4.1 Support to underperforming ethnic minority groups and bilingual learners	0	41,965	23,870	1,650		67,485	0	67,485	0.00%	100%	3,541
1.5.1 School meals - nursery, primary and special schools	0	0		0		0	0	0	0.00%	100%	0
1.5.2 Free school meals eligibility	0	13,327	7,580	524		21,431	0	21,431	0.00%	100%	1,125
1.5.3 Milk	0	200,874		6,726		207,600	113,100	94,500	0.00%	100%	0
1.5.4 School kitchens repair and maintenance	0	0		0		0	0	0	0.00%	100%	0

Initial Estimates of Academy Reductions in 2012/13

1.6.1 Insurance	0	0	0	0	0	0	0	0.00%		
1.6.2 Museum and Library Services	0	0	0	0	0	0	0	0.00%		
1.6.3 School admissions	0	148,627	84,539	5,845	239,011	0	239,011	0.00%	100%	0
1.6.4 Licences/subscriptions	0	59,389	33,781	2,336	95,506	0	95,506	0.00%	100%	12,542
1.6.5 Miscellaneous (not more than 0.1% total of net SB)	0	12,437	7,074	489	20,000	0	20,000	0.00%	100%	5,012
1.6.6 Servicing of schools forums	0	39,251	22,326	1,544	63,120	6,380	56,740	0.00%	100%	1,050
1.6.7 Staff costs supply cover (not sickness)	0	279,828	159,167	11,005	450,000	0	450,000	0.00%	100%	23,614
1.6.8 Supply cover long term sickness	0	0	0	0	0	0	0	0.00%	100%	0
1.6.9 Termination of employment costs	0	0	0	0	0	0	0	0.00%	100%	0
1.6.10 Purchase of carbon reduction commitment allowances	0	57,697	54,250	11,054	123,000	0	123,000	0.00%		
1.7.1 Other Specific Grants	0	47,406	26,965	1,864	76,236	0	76,236	0.00%	100%	4,001
1.8.1 Capital Expenditure from Revenue (CERA) (Schools)	0	0	0	0	0	0	0	0.00%		
1.8.2 Prudential borrowing costs	0	1,360,537	0	0	1,360,537	0	1,360,537	0.00%		
1.9.1 TOTAL SCHOOLS BUDGET	6,442,026	56,418,802	45,854,199	13,334,501	15,050	122,064,578	1,066,149	120,998,429		180,838

2. OTHER EDUCATION AND COMMUNITY BUDGET SPECIAL EDUCATION

2.0.1 Educational psychology service				461,730	461,730	1,124	460,605			
2.0.2 SEN administration, assessment and coordination				287,064	287,064	1,124	285,939			
2.0.3 Therapies and other health related services				0	0	0	0	100%	0	0
2.0.4 Parent partnership, guidance and information				77,229	77,229	0	77,229			
2.0.5 Monitoring of SEN provision				0	0	0	0			
2.0.6 Total Special Education				826,022	826,022	2,249	823,774			

2. OTHER EDUCATION AND COMMUNITY BUDGET LEARNER SUPPORT

2.1.1 Excluded pupils				211,755	211,755	46,420	165,335			
2.1.2 Pupil support	0	150,954	85,863	5,937	242,754	296	242,457	100%	12,723	242,457
2.1.3 Home to school transport: SEN transport expenditure	0	63,129	50,762	1,562,160	1,676,051	29,099	1,646,953			
2.1.4 Home to school transport: other home to school transport expenditure	0	4,456	3,583	110,231	118,270	2,029	116,241			
2.1.5 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 16-18)				0	0	0	0			
2.1.6 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 19-25)				0	0	0	0			
2.1.7 Home to post16 provision transport: other home to post 16 transport expenditure				0	0	0	0			
2.1.8 Education welfare service				685,231	685,231	2,341	682,890	85%	29,492	580,456
2.1.9 School improvement				2,267,286	2,267,286	657,690	1,609,597	100%	81,781	1,609,597
2.1.10 Total Learner Support	0	218,539	140,208	1,678,328	3,164,272	5,201,347	737,875			

2. OTHER EDUCATION AND COMMUNITY BUDGET ACCESS

2.2.1 Asset management education				19,688	19,688	296	19,392	74%	729	14,350
----------------------------------	--	--	--	--------	--------	-----	--------	-----	-----	--------

Initial Estimates of Academy Reductions in 2012/13

2.2.2 Supply of school places	127,071	127,071	1,481	125,590			
2.2.3 Music services	796,763	796,763	665,920	130,843	100%	6,648	130,843
2.2.4 Visual and performing arts (other than music)	214,608	214,608	117,558	97,050	100%	4,931	97,050
2.2.5 Outdoor education including environmental and field studies (not sports)	0	0	0	0	100%	0	0
2.2.6 Total Access	1,158,131	1,158,131	785,256	372,875			

7. Local Authority Education functions

7.0.1 Statutory/ Regulatory Duties	5,097,084	5,097,084	187,565	4,909,519	75%	187,085	3,682,139
7.0.2 Premature retirement costs/ Redundancy costs (new provisions)	0	0	0	0	100%	0	0
7.0.3 Existing early retirement costs	1,289,670	1,289,670	0	1,289,670			
7.0.4 Residual pension liability (eg FE, Careers Service, etc)	130,630	130,630	0	130,630			
7.0.5 Joint use arrangements	0	0	0	0			
7.0.6 Insurance	61,786	61,786	0	61,786			
7.0.7 Monitoring national curriculum assessment	28,428	28,428	80	28,348	100%	1,440	28,348
7.0.8 Total Local Authority Education Functions	6,607,598	6,607,598	187,645	6,419,954			

7. Local Authority Education functions SPECIFIC GRANTS

7.1.1 Other Specific Grant	0	0	0	0	100%	0	0
LACSEG non DSG	0	0	0	0		324,830	6,385,241

This page is intentionally left blank

METROPOLITAN BOROUGH OF KNOWSLEY

To: Schools Forum

Meeting: 19 January 2012

Wards Affected: Borough Wide

Portfolio area: Children and Family Services

REPORT OF THE EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

ACADEMIES UPDATE

1. PURPOSE OF THE REPORT

The main purpose of the report is to inform the Schools Forum of a recent Department for Education (DfE) consultation on the calculation and recovery arrangements for the academies funding transfer for 2011/12 and 2012/13. The report also provides an update on the conversion process that is currently underway for Halewood Centre for Learning to become an Academy.

2. RECOMMENDATIONS

The Schools Forum is recommended to:-

- 2.1 Note that the attached response has been sent to the DfE;
- 2.2 Note that the latest information on the potential conversion date for Halewood Centre for Learning is after Easter 2012;
- 2.3 Note that the Traded Services offer to Academies is developing and will include some services that are provided to maintained schools that are not traded as set out in the report;
- 2.4 Note that services to Academies will be offered on a full cost recovery basis; and
- 2.5 Continue to plan being mindful that the Secretary of State can require schools that are eligible for intervention to convert into academies and that this poses a significant risk to the Schools Budget.

3. BACKGROUND

- 3.1 At its meeting on 10 February 2011 the School Forum examined the Coalition Government direction of travel and noted Knowsley's Policy Statement on the

Academies Act 2010 and the Government's Schools' White Paper: The Importance of Teaching.

- 3.2 On 19 July 2011 the DfE issued a consultation on academy funding which had to be returned to the DfE by 16 August 2011. Knowsley responded and the DfE then announced thereafter that the School Specific Contingency would be taken into account in the funding transfer.
- 3.3 At its meeting on 20 October 2011 the School Forum considered a detailed Academies Update report and:-
1. Noted that Halewood Centre for Learning had applied for Academy conversion in line with Knowsley Council's Policy Statement on the Academies Act 2010 and that a potential conversion could take place as early as January 2012;
 2. Noted that a project Team of Local Authority officers is supporting the conversion process funded by Halewood Centre for Learning;
 3. Noted that the Traded Services offer to Academies will be developed over the coming months and will include some services that are provided to maintained schools that are not traded such as the assessment of free school meals;
 4. Noted that whilst Halewood is a potential Academy conversion that the Secretary of State can require schools that are eligible for intervention to convert into academies and that this poses a significant risk to the Schools Budget;
 5. Noted that the DfE notified LA's on 5 October 2011 that the School Specific Contingency will be taken into account in 2012/13 for the LACSEG calculation based on the 2011/12 Section 251 Budget Statement and that this could increase the DSG reduction from circa £0.091m to £0.248m;
 6. Agreed that any under spend on the 2011/12 Dedicated Schools Grant is used to establish a reserve account to help underwrite any deficit budgets that might need to be funded by the Schools Budget where a school is performing below the floor target and the Secretary of State imposes a structural solution; and
 7. Agreed that the use of the fund will be monitored by the Schools Forum.
- 3.4 On the 8 December 2011 the DfE issued a further consultation on the proposed decision on the calculation and recovery arrangements for the academies funding transfer for 2011/12 and 2012/13 (Appendix 1). The timescale was very tight and Knowsley's response is attached at Appendix 2.

4. HALEWOOD CONVERSION PROCESS

- 4.1 Halewood's academy conversion is progressing and the authority and the school are working closely together through what has been a steep learning curve. Any future conversions will benefit from the learning process both the school and the authority are currently going through.
- 4.2 Appendix 3 narrates the development of traded services based on the latest consultation document. The process is evolving but is not without its difficulties, for example when questioned recently the DfE could not yet provide a LACSEG calculator on what funding would reduce from the DSG. Indeed, when asked to confirm whether Annex A of the consultation is what Academies receive or how the recoupment from DSG and Council funds will work there was an interesting response. The Appendix is primarily what Academies will get but some of the lines may form part of recoupment and the decision has not been made yet. The SEN Support Services (Sensory Impaired Service, Portage, Bus Escorts, Whiston Hospital Unit Equality and Diversity, and Area Partnership Management) and Admissions may not be recouped in 2012/13 (but there is no definite decision).
- 4.3 An Academy Order was made by the Secretary of State on 9 November 2011, which is the first step in the DfE approval process for the conversion. Legal advisors have been instructed for the Academy Trust and the Council and the required legal agreements are being worked through. The anticipated date for conversion is currently Easter 2012.

5. RESOURCE IMPLICATIONS

- 5.1 As discussed at the meeting in October, the principle of academies' funding is that academies should receive the same level of per-pupil funding as they would receive from the local authority (LA) as a maintained school. In addition, they receive top-up funding to meet additional responsibilities that are no longer provided for them by the LA. Potentially, there may be scope to buy back some of these services from the LA and Appendix 3 provides an update on what this may potentially look like.
- 5.2 Appendix 4 provides estimated costs to the DSG and the Council in 2012/13 based on the latest pupil number estimates and adjusted 2011/12 data. This is the same Appendix as attached to the DSG Report for 2012/13. **IF** all the lines are taken into account in the calculation and based on the assumptions set out in the paper the DSG would be reduced by circa £0.181m and Council funding by circa £0.325m for the full year cost of the Halewood Conversion. This is "worst case scenario" as budgets have been reduced for 2012/13 and the DfE may not use all the lines in the calculation.
- 5.3 Academies are funded on an academic year basis, and they are currently informed of the budget allocation 9 months previous (i.e. December although this is likely to change to March). The budget is then finalised in March. Financing of Academies is from a variety of funding sources and different procedures are in place than for maintained schools. These form the basis of

the Academies Funding Agreement from which the Secretary of State's authority to establish the Academy is given.

6. RISK ASSESSMENT

- 6.1 There is a risk that should Knowsley Schools become Academies funding supporting services to schools will be reduced to fund Academies. There is no guarantee that this will be bought back by Academies, however this is an option.
- 6.2 The DSG position is rapidly changing and many budgets funded by the DSG will be lower in 2012/13 than they are in 2011/12. To minimise the risk of overstating budgets, there is currently a review of the 2012/13 estimates and their classification within the Section 251 Budget lines.
- 6.3 The DfE's decision to include the School Specific Contingency budget in the LACSEG calculation poses a significant risk to Knowsley. To minimise this risk the School Forum will be asked to consider some additional Contributions to Combined Budgets. In addition, to minimise this risk an exemptions business case was lodged with the DfE in October 2011.
- 6.4 There is a risk that if and when schools convert to Academy status that some of the collaboration work within Knowsley may not be supported. This risk can be minimised by a managed Academy conversion in partnership with the LA. Furthermore, Academies would be represented on the Schools Forum. The White Paper also minimises this risk by incentivising collaboration.
- 6.5 Academies do not form part of the Local Authority accounts and are not subject to Local Authority financial monitoring controls. In effect the risk is transferred out of LA control. However, if and when a school converts the Authority only has 3 months to close down the school accounts; based on experience in Knowsley this timeframe is tight and could result in the Council's risk increasing as late transactions are received. This is being managed by working closely with Halewood Centre for Learning during the conversion process.
- 6.6 The Government is clear that becoming an academy should not bring about a financial advantage or disadvantage to a school. How an academy is funded does keep changing, as does the amount of funding which transfers from the Dedicated Schools Grant and from the Council. This makes the planning difficult as the landscape is constantly changing. To manage the risk that this poses it is important that the Section 251 Budget Statement accurately reflects the latest budget situation for the DSG and the Council.

7. COMMUNICATIONS ISSUES

A copy of this report will be made available to all schools, Governors and Councillors as part of normal School Forum arrangements and the Schools Forum will receive regular updates.

8. CONCLUSION

The Academies landscape locally and nationally is evolving and the Schools Forum will be kept up to date with developments.

DAMIAN ALLEN
EXECUTIVE DIRECTOR OF CHILDREN AND FAMILY SERVICES

Contact Officers:

Diane Williams	443 3222
Rob Alcock	443 5650

Appendices:

- Appendix 1 – Consultation on the proposed decision on the calculation and recovery arrangements for the Academies Funding Transfer for 2011-12 and 2012-13
- Appendix 2 – Knowsley's Response to the consultation
- Appendix 3 – Academy Traded Services Development mapped against Section 251 Budget Statement
- Appendix 4 – Initial Estimates of Academies Reduction in 2012/13

Background Papers

<http://www.education.gov.uk/schools/leadership/typesofschools/academies/b0061399/academy-funding>

School Forum Report on Council Statement in response to the Academies Act 2010
White Paper: The Importance of Teaching 10 February 2011

This page is intentionally left blank

Consultation on the proposed decision on the calculation and recovery arrangements for the Academies Funding Transfer for 2011-12 and 2012-13

Introduction

1. Following the consultation on the basis for the decision on the appropriate amount of Academies¹ funding transfer for 2011-12 and 2012-13, the Secretary of State for Education (the Secretary of State), in consultation with the Secretary of State for Communities and Local Government has reached a “minded to” decision on the way forward in relation to the calculation and recovery arrangements for the Academies Funding Transfer for 2011-12 and 2012-13.

2. In taking the decision we have considered carefully the points raised by local authorities in their consultation responses and focused on our desire to ensure that Academies and local authorities are funded fairly and equitably and that the outcome represents good value for the taxpayer. A summary of the consultation responses is available as a separate document and is being published alongside this document.

3. The purpose of this consultation document is to set out the “minded to” decision which the Secretary of State has reached in relation to both the mechanism for calculating the amount to be transferred and the mechanism which it is proposed should be adopted for managing that transfer.

4. In addition to consulting on the transfer from local government in relation to the costs of the proportion of LACSEG (Local Authority Central Spend Equivalent Grant) based expenditure funded through a combination of formula grant and council tax income, we are also seeking responses to our proposals in relation to the calculation of DSG LACSEG in 2012-13. This includes the incorporation of spending on contingencies within the calculation and recoupment of LACSEG grant from April 2012.

5. As the scope of the consultation is limited and there is an early need to finalise the basis on which the funding transfer will take place, the consultation will run for four “working” weeks.

6. The consultation is taking place with all Unitary and County local authorities with responsibility for Education Services and their representatives, the Local Government Association (LGA) and London Councils. It will be open to local authorities to respond individually or through the Local Authority Associations.

Background

7. Since the beginning of the Academy programme, there has been a principle that Academies should be funded on the same basis as maintained schools, allowing for their different status and responsibilities. Therefore the Department for Education (DfE) has provided Academies with a grant (LACSEG – Local Authorities Central Spend Equivalent Grant) to cover the costs of those services that are provided by the local authority to maintained school but not to Academies.

8. Prior to 2011-12, the funding system for education meant that local authorities were still being partly funded for the central services that they had previously provided to

¹ References in this document to “Academies” include all types of Academies including sponsored, converters, free schools, University Technical Colleges and Studio Schools.

Academies when they were maintained schools. This had meant that the taxpayer was paying twice for the same service which was clearly not good value for money and highlighted the need to change the system. When a school becomes an Academy, it moves out of local authority control. One effect of this is that it ceases to receive, as a matter of course, a range of services from the local authority which it used to receive without being charged. Those services range from educational support such as school improvement, to administrative support such as legal or statutory accountancy services.

9. The amount of LACSEG paid to Academies is currently based on how much the Academy's local authority spends on relevant services as set out in its annual section 251 budget statement (filed under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009). The Academy is paid a sum calculated according to a proportionate share of this spend based on its pupil numbers, with the exception of special educational needs support services, where the share is based on the number of pupils it has on School Action or School Action Plus.

10. The services local authorities provide without charge for maintained schools, and for which Academies are compensated through LACSEG, are funded in two different ways. The Dedicated Schools Grant, which local authorities receive through the DfE, makes up one element of this funding. The other source is Formula Grant which local authorities receive through the Department for Communities and Local Government (DCLG). The main subject of this consultation is the element of central services that are funded via DCLG's Formula Grant.

11. On the basis that when a school becomes an Academy the local authority no longer has to provide services to the school, DfE has always reduced the local authority's funding from DSG in respect of those services. This aspect of LACSEG is recouped on a per pupil cost to Government basis, but also equivalent to what each authority has budgeted per pupil.

12. However, before 2011-12, a similar approach was not taken in relation to the central education services which are funded by formula grant and council tax. The authority kept the same level of formula grant to fund services to schools even when it had fewer schools to support because one or more of its schools had become an Academy.

13. Instead, DfE has historically funded this element of LACSEG, for all Academies which opened prior to March 2011, from within its own budget. This meant that the services for which LACSEG was paid were being double-funded: Academies were funded by DfE to provide them, via LACSEG, yet local authorities continued to receive full funding for the same services, which they were no longer providing, in formula grant from DCLG. In the 2010-11 financial year, this double funding represented a cost to DfE of approximately £151m a year and the cost would increase as numbers of Academies increased. This was clearly an unsustainable situation which needed to be addressed.

14. In order to address the growing extent of double funding in the system, Ministers decided, in the context of the Spending Review, that a transfer should be made from formula grant to the DfE budget in respect of DfE's LACSEG commitments. It was considered that continued double funding was indefensible in the current public sector financial climate.

15. It was announced in December 2010 that deductions would be made from local authority formula grant, to reflect the transfer of responsibilities to Academies, in relation to the budgets available to local authorities in 2011-12 and 2012-13. As at the time of the transfer decision we were only able to make estimates about the growth in the number of Academies at a national level, and given the objective of providing certainty of funding for local authorities, it was not possible to make deductions in local authority budgets other than on a pro-rata national basis through the Local Government Finance Settlement over the

period 2011-2013. This meant that an amount was topsliced from each local authority's relative needs formula for central education functions on a pro-rata basis. The topslice was not related to the current pattern of Academy schools; nor did it reflect the pattern of growth in Academy numbers which could take place over the next two years.

Overall approach for calculating the level of the transfer

16. In this consultation we are setting out what the Secretary of State for Education is "minded to do" based on our reconsideration of both the methodology for the calculation of the level of the transfer and the mechanism by which the transfer will be applied.

17. In considering the original decision, we have focused our thinking on two main areas. The first of these is that in calculating the level of the transfer that we need to ensure that this properly reflects the services which transfer to Academies and those which remain with the local authority and the second is how we might best ensure that the mechanism for the transfer better reflects the current and future distribution of Academies.

18. The Department remains strongly of the view that it is appropriate for the overall calculation of the amount to be transferred from local government to reflect the LACSEG grant paid to Academies as this is based on the transfer of services to them from local government.

19. As we made clear in the previous consultation, local authorities are funded for education services predominantly on the basis of local pupil numbers and populations with only a very small element for fixed costs. In making the calculations for the amount of LACSEG grant to pay to Academies and to be transferred from local authorities we have adopted the same unit cost basis on which the relative needs assessment that feeds into the local government formula grant in this area is calculated. The majority of the local government formula uses the number of pupils in an area in calculating the funding for a particular authority irrespective of whether that pupil attends an Academy, local authority maintained school. This means that authorities are funded on broadly the same basis whether they have 10,000 or 200,000 pupils in their area.

20. In calculating the level of the transfer we intend to continue to base it on the section 251 returns provided by local authorities. Although we recognise the problems with this data, and have announced our intention to review the return and make significant changes from 2013-14, we are of the view that they provide the best available information that describes local authority spending on central education services. We have though listened to the issues raised by local authorities that the way in which we have historically used section 251 to calculate LACSEG means that some functions have been included in the calculations which do not transfer to Academies. We are therefore proposing changes to the way in which section 251 is used to calculate the amount to be recouped from local authorities so that it properly reflects the transfer of functions from local authorities to Academies.

21. We are also planning to reform the way in which LACSEG is calculated in 2013-14 and the way in which we use section 251 to inform the calculation. In the recent consultation on school funding reform we set out our proposals which include adopting a more consistent national approach in relation to services which are delegated to schools and calculating LA LACSEG on a national formulaic basis.

22. For 2012-13, in relation to the DSG element of LACSEG we propose to expand its scope to include spending on contingencies. We believe that contingencies represent the same kind of spending as is included in the section 251 DSG lines already subject to LACSEG. Moreover, the 2011-12 section 251 returns show a significant rise in the amount

which local authorities report they plan to spend in this area and we think that Academies are entitled to receive a proportion of this spend. We have recognised that there may be good reasons why local authorities plan spending in this area which should not be included in calculating LACSEG and we recently asked local authorities to set out where they think that exceptions should be made. We have considered these responses and have set out in detail later in this document the way in which we propose to calculate the recoupment amounts for DSG LACSEG, in 2012-13, including spend on contingencies.

23. In relation to the formula grant element of LACSEG, although we do not plan to remove or add any specific lines we do plan to reduce the proportion of spend, on a national basis, used to calculate LACSEG in those lines where we recognise that not all the functions under them transfer to Academies. We are proposing to do this nationally as it would be too costly and administratively burdensome to calculate individualised proportions for each authority. The lines where we propose to make changes are: Education Welfare Services, Asset Management and Statutory and Regulatory Duties. For each of these areas we have set out in the table below those functions which we have determined as retained by the local authority for all pupils/institutions (including Academies) and those which transfer to Academies.

Education Welfare Services	Asset Management	Statutory and Regulatory Duties
<i>Retained by the LA</i> Prosecutions for non-attendance Tracking children missing from education Other statutory duties eg child employment	<i>Retained by the LA</i> Strategic capital programme planning Management of BSF schemes and PFI contracts Functions in relation to academy leases where relevant	<i>Retained by the LA</i> Strategic planning of children's services including Director of Children's Services and other statutory/regulatory duties relating to both maintained schools and Academies Preparation and review of plans Standing Advisory Council for Religious Education Maintenance and development of local school funding formula Finance, HR and legal functions relating to central services (eg PRUs) which do not transfer to Academies
<i>Transferred to Academies</i> All other education welfare service expenditure	<i>Transferred to Academies</i> Other asset management functions	<i>Transferred to Academies</i> Financial accounting requirements - including accounts, returns, VAT

	Other landlord premises functions	returns - and central services which transfer to Academies Financial assurance including internal and external audit Procurement advice and compliance Pension scheme administration HR employer functions Health and safety compliance Governor support, including appointment of LA governors Strategic ICT and data management services
--	-----------------------------------	---

24. In order to determine the proportion of spend against each line which it would be appropriate to transfer to Academies we have used data which was collected from local authorities via the Local Government Association and London Councils asking them to provide information based on the above split of responsibilities about the proportion of spend which should be transferred to Academies in each of the lines. We obtained data from 16 local authorities from a variety of backgrounds and including shire counties, unitary authorities and London Boroughs and we believe the sample to be representative of local authorities overall.

25. There was a considerable diversity of views from local authorities in relation to the proportions of spend which they regarded as relating to the retained functions and the proportion which they thought should be transferred to Academies. In addition, in making the assessment we were mindful of the fact that some authorities may have high levels of central expenditure because they operate in particularly challenging environments. For instance, an authority with high levels of deprivation may need to spend a higher proportion of its funding on education welfare services, not all of which could be devolved to Academies – such as finding children missing from education. Given this we have sought to ensure that the sample we use in calculating the overall proportions to use for each area of spend included local authorities from a range of circumstances and including those with high and above average levels of deprivation.

26. In determining the proportions that we would adopt on a national basis, for calculating the per pupil rate, that would be used for calculating LACSEG grant we have also taken the view that it would not be appropriate to take a simple average of all those responding. We are keen for the proportions set to be an incentive to local authorities to improve the efficiency of their centrally retained services and given this we have based the proportions by taking an average of the five local authorities which proposed the smallest proportion of spend on retained functions and the largest amount on those areas to be transferred to Academies. For each of the lines of spend from the sample we propose to

use, the local authorities included come from a range of backgrounds including several with above average levels of deprivation and a similar proportion of pupils with statements of special educational needs as those authorities who proposed to spend the largest proportion on retained functions. The proportions which we propose to use for calculating LACSEG grant payable to Academies and for determining the amount to be transferred from local authorities are: Education Welfare Services – 85%, Asset Management – 74%, Statutory and Regulatory Duties – 75%.

27. In addition to the above changes we are proposing to take action to address the concerns which have been expressed about the use of gross expenditure in some lines for calculating the amount to be transferred from local authorities. It is clear that some of the spend on lines in the formula grant block include in gross expenditure income which local authorities receive from traded services and as it is not possible using section 251 to identify this income separately from grant related income we think it would be preferable to base the amount used to calculate the transfer on net spending for the following lines where gross spend is currently used: Therapies and other related health services, Pupil Support, Education Welfare Services, School Improvement, Premature retirement/redundancy costs and Monitoring National Curriculum Assessment.

28. In calculating the LACSEG grant payable to Academies however we will continue to use gross expenditure for the above lines as we recognise that they will include some expenditure, such as grant income, which Academies should be entitled to a share of. A summary of the section 251 lines and proportions which we propose to use in calculating LACSEG is attached at Annex A.

29. We are keen to improve the consistency with which local authorities complete section 251 and support schools and others in their role to challenge and hold local authorities to account for their spending decisions, for example in the extent to which they delegate resources to schools or their spend on back office functions. To assist with this we wish to draw attention to the benchmarking tables² which are produced by the Department for Education which set out in detail the spend per pupil by line. We are also looking at ways in which we can improve the collection of section 251 data in 2012-13 including how it informs the calculation of LACSEG. A consultation setting out the proposed arrangements for 2012-13 was issued recently.

Proposed Mechanism for applying the transfer

30. In addition to the changes proposed above the Department for Education is also proposing to change the mechanism for applying the transfer to local authorities.

31. Currently the LACSEG transfer has been applied at a national level through a topslice of formula grant which has applied to all authorities on a pro-rata basis which does not take account of the current distribution of Academies between authorities. We recognise that this means that deductions in funding have been made from local authorities with small numbers of pupils in Academies, which they cannot make savings in relation to, whilst not deducting sufficient funding from those authorities with large numbers of pupils in Academies who are able to make the largest savings.

32. A change to the existing topslice arrangement would require the reopening of the two year Local Government Finance settlement for local government announced in December

2

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/section251/a00197971/benchmarking-2011-12>

2010. The Government do not think it is appropriate to do this because of the wider uncertainty that this would cause. The existing settlement will therefore remain in place but we are proposing a mechanism for 2012-13 to work alongside this which will redistribute funding between authorities to better reflect the number of pupils in Academies in each local authority. In order to provide those local authorities with large numbers of pupils attending Academies financial stability we will though cap the amount to be transferred at the level of the amount topsliced from formula grant in 2012-13.

33. We intend to make a calculation of the LA LACSEG costs in each authority towards the end of the 2012-13 financial year. In those authorities where the costs of LACSEG are **below** the level of the topslice we will refund the difference by making a payment through an un-ringfenced specific grant. For those authorities where the costs of LACSEG are **above** the level of the topslice, the Department for Education has decided that in order to provide those local authorities with financial stability we will limit the amount to be transferred at the level of the amount topsliced from formula grant in 2012-13. In other words, no further funding will be recovered from those authorities.

34. A more detailed description of how we propose this mechanism will operate is set out below (paragraphs 49 - 52). This proposal is in line with the vast majority of responses on this issue in the most recent consultation on school funding reform which were in support of moving to a distribution mechanism which more accurately reflects the actual pattern of where Academies are located.

Arrangements for 2013-14 onwards

35. The arrangements for applying the transfer up to 2012-13 will provide stability for local authorities but they mean that we will continue to provide a considerable amount of double funding. Given the poor value which this provides to the taxpayer this arrangement cannot continue in the long term and these proposals should be seen as transitional.

36. The Government is committed to resolving the double funding of local authorities for services which devolve to Academies, permanently from 2013-14. As part of the Local Government Resource Review, we will explore removing the funding for these services from formula grant into the budget of the Department for Education. In this option, the Department would then administer a grant to authorities and to Academies proportionate to the number of pupils for which they are responsible according to a national rate. We plan to consult, jointly with the Department for Communities and Local Government, in 2012 on how we could put our commitment to permanently solve this issue into effect.

Transfer calculation and arrangements for 2011-12 financial year

37. The original consultation was in relation to the decision on the transfer in 2011-12 and 2012 -13. A significant number of respondents stressed the importance of financial stability in our consideration of the way forward and we have been particularly mindful of that in relation to any changes which we might make in relation to the 2011-12 financial year.

38. The previous consultation made clear that the costs to the Department of paying the formula grant element of LACSEG to Academies in 2011-12 was considerably more than the topslice of £148million which has been made from local government budgets. We have updated our calculations to take account of all those schools that have converted to Academy status to date along with those Free Schools and sponsored Academies which have opened in the current financial year. Taking these into account the costs of LACSEG are already significantly above the level of the total topslice and will grow further as additional academies open over the remainder of the financial year.

39. Given the above we propose to adopt a no change approach for 2011-12 as we believe taking action to redistribute the costs of LACSEG at this stage in the financial year would cause unwelcome turmoil and instability to local authority budgets. This means that the topslices of formula grant for 2011 -12 announced previously will remain unchanged.

Transfer calculation and arrangements for 2012-13 financial year

40. This section sets out in detail how we propose to calculate the per pupil rates for the formula grant element of LACSEG in 2012-13. It uses the principles set out earlier in this document in paragraphs 16-29.

41. For each local authority we will make a separate calculation of the LACSEG rate per pupil. This will be calculated by taking the spend reported by the local authority in its 2011-12 section 251 return. This is the most up to date return and was made with all local authorities aware that it was used to calculate LACSEG grant as paid to Academies.

42. The Department for Education will calculate the total LACSEG relevant spend for a local authority by adding together the total budget on each of the LACSEG relevant lines. Where we have set out above we will only be using a proportion of certain lines to inform the calculation we will apply the percentages set out above to the projected spend for those lines.

43. We plan to use the January 2011 pupil count as the basis for the pupil numbers to inform the calculation of the per pupil rate and include all sole and dual main registered pupils, in that return, attending maintained nursery, primary, secondary, special, general hospital schools and Pupil Referral Units in the relevant authority. As this figure will include pupils that attend institutions that converted to Academy status after January 2011 and local authorities would have taken account of these and those attending schools projected to convert during the 2011-12 financial year in determining their section 251 projected spend there is a need to make an adjustment to compensate for this to arrive at the appropriate per pupil rate. We propose to manage this adjustment by adding to the total LACSEG projected spend reported in section 251 the amount of the Academies transfer topslice made in relation to the relevant authority in 2011-12. We are also proposing to calculate a single LACSEG per pupil rate for primary and secondary pupils in each local authority. Currently all bar one of the relevant LACSEG budget lines do not differentiate between primary and secondary and as such in the vast majority of cases there is no difference between the primary and secondary per pupil amounts.

44. We will be applying multipliers in relation to the pupil numbers for special schools and for alternative provision, including Pupil Referral Units. The LACSEG rate for special Academies will be calculated using the average of the primary and secondary unit values for the relevant budget lines and then multiplying by 4.25. This reflects the fact that special schools have a greater staffing and premises infrastructure than mainstream schools in relation to their number of pupils, because of the need to provide more intensive support to their pupils. 4.25 is the national average ratio of special school funding per pupil compared to the funding of mainstream primary and secondary schools per pupil. For Alternative Provision Academies, which will be Pupil Referral Units, the rate will be calculated by using the secondary unit value for the relevant LA budget lines and then multiplying by 3.75. These units also have a larger staffing infrastructure than mainstream, and a rapid turnover of pupils. The figure was arrived at by comparing the average cost per place of Pupil Referral Units with that of mainstream. This multiplier rate will be applicable to Alternative Provision Academies and Free Schools as well as Pupil Referral Units.

45. The final rate calculation will be undertaken for each local authority separately by phase. This will be done by taking the total LACSEG relevant spend for that phase divided

by the number of pupils as reported in the January 2011 pupil count.

46. We plan to publish for each local authority by phase the LA LACSEG per pupil rates that will be used to calculate the level of their transfer alongside the final decision and outcome of this consultation as early as possible in 2012. These rates will be used as the basis for the calculation of the costs of the Academies transfer for each local authority for the whole of the 2012-13 financial year.

47. Based on the 2011-12 section 251 return we have calculated national average LA LACSEG per pupil rates and these appear in the table below. These are to be seen as illustrative and the actual amounts for each local authority will vary depending on the amount of projected spend which they reported in their section 251 return. We will confirm LACSEG rates for Academies in due course and current and potential future Academies should not assume that their rates will be on the level set out below as we are keen not to see excessive turbulence for individual institutions.

National LA LACSEG per pupil

LA Budget LACSEG per Primary FTE Pupil	£156
LA Budget LACSEG per Secondary FTE Pupil	£156
LA Budget LACSEG per Special FTE Pupil	£663
LA Budget LACSEG per AP FTE Pupil	£585

48. In calculating the total LACSEG transfer for each local authority, we propose to only include those Academies and Free Schools opening in or after September 2010. The Department for Education will continue to meet from its central funds the LA LACSEG costs for Academies which opened prior to that date.

Detailed mechanism for managing the transfer for 2012-13 financial year

49. This section sets out in more detail the mechanism which we are proposing to put in place to work alongside the existing topslice to redistribute funding between authorities to better reflect the number of pupils in Academies in each local authority.

50. Alongside the announcement of the outcome of this consultation and final decisions on the way forward in early 2012 we will publish for each local authority the per pupil rate for LA LACSEG in each local authority for 2012-13. All local authorities should be able to estimate what their level of the LACSEG transfer will be based on the number of Academies open in their authority and those which they anticipate opening during the course of 2012-13. We will not be able to announce the precise level of transfer that will be applicable in 2012-13 as this will depend on the numbers and patterns of Academy conversion in the latter part of 2011-12 and on the numbers and distribution of Academies and Free Schools opening during 2012-13.

51. The Department for Education plan to issue in January 2013 a statement to local authorities in which we will set out their total LACSEG transfer costs based on the number of pupils attending Academies in their local authority. In preparation for each of these statements the Department will calculate the level of the LACSEG transfer for each authority. We plan to do this by taking the per pupil rate (by phase) and multiplying it by the numbers of children in the Academies/Free Schools in that authority (we will use the pupil numbers for each school as those reported in the January 2012 pupil count). The transfer calculation will be based on the full year costs for all Academies open by the end of March 2012. For additional Academies/Free Schools, opening during the 2012-13 financial year the transfer amount would be pro rata between the opening date and the end of the financial year.

52. The statement to local authorities will set out for each local authority, based on Academies/Free Schools open by the statement date, the level of the LA LACSEG transfer, the amount in the topslice, and the difference between the topslice and the transfer level. Where the difference was positive (the LACSEG transfer exceeded the topslice amount) the topslice will remain unchanged. For those local authorities where the difference was negative (the topslice amount exceeded the level of the LACSEG transfer) this amount will be repaid to the local authority via an unringfenced grant from the Department for Education under section 31 of the Local Government Act 2003.

Proposals for the recoupment of DSG LACSEG in 2012-13

53. DSG recoupment will continue in 2012-13, based on 2012-13 section 251 budget returns. We will, however, be looking to simplify the current process whereby authorities have to complete a separate pro-forma for each Academy. Instead, we plan to adapt section 251 returns so that they provide for local authorities to enter in the form the amount they expect to be recouped for each DSG LACSEG line for those Academies open at 1 April 2012. As in previous years, authorities will be able to request exclusions from recoupment, but there will need to be a good reason for doing so. Further amounts of recoupment will be due for Academies converting during the year. As in previous years, there will be separate rates for primary, secondary and special schools, so it is important that authorities apportion lines between the phases as accurately as possible.

54. This arrangement will also apply to the contingencies line on section 251. Authorities will be able to request the exclusion of specific items from the recoupment calculation, using the same principles we have adopted for the 2011-12 exercise. We noted during this exercise that a lot of money was being budgeted in the contingencies line where specific lines for this expenditure exist elsewhere on section 251, for example SEN individually assigned resources and the carbon reduction commitment. For 2012-13 authorities should show relevant expenditure in these lines rather than in contingencies.

55. The Education Funding Agency will be examining and challenging authorities' returns relating to recoupment of LACSEG. We may need to recoup funding from other lines currently outside LACSEG if we believe that planned expenditure has been put in these lines that would relate to Academies as well as maintained schools.

56. Following the receipt of local authority requests to exclude 2011-12 contingency elements from LACSEG payments in 2012/13, we thought it might be useful to provide an update and set out the general principles we have used in assessing these applications.

57. The first point to make is that this will not affect the amount recouped from local authorities in 2011-12 or 2012-13. This specific exercise was purely about the amount paid to Academies in 2012/13. As the budget shares of open Academies in 2012/13 will be based on the local formula for 2011-12, DSG LACSEG, including the contingency element, also needs to be based on the authority's 2011-12 planned expenditure. The amount recouped from authorities in 2012-13 will reflect 2012-13 budgets and be based on the 2012-13 section 251 return. We do expect, however, to adhere to the same principles in considering authorities' requests for exclusion.

58. We will publish detailed information for each authority in due course, setting out those elements in the 2011-12 section 251 return which have been excluded from LACSEG. In the meantime, the general principles we have followed are set out below.

59. We have generally agreed to exclude the following types of expenditure from the LACSEG calculation:

- a. Funding for high needs SEN. Many authorities have held resources for individually-assigned resources or for funding devolved to clusters. This should have been on line 1.2.1, which is not a LACSEG line, and has been recorded in the wrong place. Academies will receive this funding from authorities under the existing arrangements for high needs.
- b. Equal pay: Local authorities are responsible for resolving historic back pay, most of which will be incurred while the Academy was still a maintained school. We expect authorities to fund schools including Academies for equal pay settlements on the basis of the actual costs each school faces.
- c. Funding held centrally for rates and rates revaluation. Rates should be in the Individual Schools Budget, not in contingencies, but some authorities are including it in contingencies because it goes straight into school budgets and back again to the rating authority. Rates are already included in Academy funding allocations on the basis of actual costs.
- d. Schools in financial difficulties, where the funding is already earmarked for particular schools. This should be on the schools in financial difficulties line which is outside LACSEG.
- e. Provision for LACSEG recoupment: a number of local authorities have made provision on the contingencies line for funding they will lose through recoupment of DSG LACSEG. Giving this to Academies would be double funding.
- f. Funding for specific schools that are opening or closing or being reorganised.
- g. Funding for diploma provision. Because the diploma grant is ending by 2012-13, we have put in place special arrangements for Academies with diploma provision to be funded through their local authorities.

60. We have generally not agreed requests for exclusions for the types of expenditure set out below. This means the funding will remain in LACSEG and Academies will receive a proportionate share. These items are all ones that could be delegated to individual schools and thus Academies should receive a share up-front, reflecting their independent status:

- a. Funding for additional pupil number growth, particularly in primary schools where this may have a knock-on impact on class size or configuration through extra reception classes or infant class size adjustments. We will ensure this is consistent with how YPLA fund Academies and that they do not also fund Academies for such in-year adjustments.
- b. Behaviour / hard to place pupils. The line on section 251 for behaviour support services is already part of LACSEG, so any element of this funding that has been placed in contingencies instead should also be in LACSEG.
- c. Funding for extended services.
- d. Funding for school support/intervention/schools causing concern – this is included because it is similar to school improvement which is in LACSEG and which should be devolved to Academies.

- e. Funding for mainstreamed grants which has not been delegated to schools: Academies should get a share of this but we will again check with YPLA that there is no double funding.
- f. General in-year allocations relating to formula factors such as NQTs or ASTs.

Payments to Academies from authorities (other than for SEN and early years) should only in future be made in exceptional circumstances. We will provide more guidance on this in the Dedicated Schools Grant operational guidance for 2012-13.

61. We plan to continue to monitor local authority budgets on contingencies in the future and we will follow up instances where local authorities make significant reductions in expenditure on contingencies.

Equalities Issues

62. A full Equalities Impact Assessment was undertaken by the Department for Communities and Local Government in respect of the overall Local Government Finance Report for 2011-12. The text of this impact assessment can be found at: <http://www.local.communities.gov.uk/finance/1112/LGFREqlA.pdf>. A further separate Equalities Impact Assessment has been undertaken in respect of the overall Local Government Finance Report for 2012-13.

63. Following the first consultation, the Department for Education remains of the view is that the “minded to” decision is unlikely itself to have equalities implications, for two reasons. First, because for the great majority of authorities, the amount of the reduction in funding will be less than the total of savings made from no longer providing central services to Academies and the total of additional income generated from selling services to Academies. Second, for those authorities which are unable to make savings equivalent to the transfer of funding, this is not ring-fenced and it will be up to each local authority to decide how to allocate any shortfall as between the various services which they provide. Those decisions will have to have regard to the equalities duties of local authorities.

64. Nevertheless, in accordance with its duties under s. 149 of the Equality Act 2010, the Department for Education will take into consideration any additional information which is provided regarding the potential equality impact of his decision with regard to the reduction in local authority funding in respect of local authority central services. Local authorities are asked to provide details of any alleged impact, including relevant evidence, for the Department to consider.

Timescale and arrangements for consultation

65. The consultation will run for four weeks and **will close on Thursday 12th January 2012**. The consultation is with all Unitary and County Authorities providing education services, the relevant Local Authority Associations (the Local Government Association and London Councils).

66. In addition to this the Department for Education plans to offer to hold discussions at official level with the relevant Local Authority Associations.

Please send your comments and contributions to:
Laura Street
Funding Policy Unit
Department for Education
Sanctuary Buildings

Great Smith Street
London SW1P 3BT

Email: AcademiesFundingTransfer.CONULTATION@education.gsi.gov.uk

This page is intentionally left blank

Annex A
Section 251 Proposed Budget Table 1 Lines

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1	SCHOOLS BUDGET					
1.0.1	Individual Schools Budget	N		SB		Academies receive an equivalent School Budget Share.
1.0.2	Pupil Premium allocated to schools	N		SB		Premium paid to academies on the same basis as maintained schools
1.0.3	Pupil Premium managed centrally	N		SB		LA function relates to premium for non mainstream settings
1.0.4	Threshold and performance pay (devolved)	N		SB		Now included in the School Budget Share or paid separately within GAG depending on how LA allocates it to its maintained schools.
1.0.5	Central expenditure on education of children under 5	N		SB		LA function
1.1.1	Support for schools in financial difficulty	N		SB		Arrangements for academies in financial difficulties would be subject to individual consideration.
1.1.2	School-specific contingencies	Y		SB		We are current considering how to include this in LACSEG calculations for Academies in 2012-13
1.1.3	Early Years contingency	N		SB		LA function
1.2.1	Provision for pupils with SEN (including assigned resources)	N		SB		Paid directly to academies by local authorities for pupils with individually assigned resources.
1.2.2	SEN support services	Y	Gross	SB	100%	This is non-delegated centrally retained funded for support services for statemented and non-statemented pupils whether supported by the LA or commissioned externally and planned expenditure funded by YPLA and is therefore relevant to academies.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1.2.3	Support for inclusion	N		SB		Support for inclusion between maintained and specialist schools, not relevant to academies.
1.2.4	Fees for pupils with SEN at independent special schools & abroad	N		SB		Expenditure on the payment of fees in respect of pupils with special educational needs at independent schools or non-maintained special schools, academies cannot charge fees so not relevant.
1.2.5	SEN transport	N		SB		An LA function/ responsibility.
1.2.6	Fees to independent schools for pupils without SEN	N		SB		Expenditure on the payment of fees in respect of pupils at independent schools. Academies cannot charge fees so not relevant.
1.2.7	Inter-authority recoupment	N		SB		Estimated expenditure and income received in relation to transactions between authorities in accordance with regulations made under sections 493 or 494 of the 1996 Act or section 207 of the 2002 Act (recoupment between authorities). Not relevant to academies.
1.2.8	Contribution to combined budgets	N		SB		Contribution to pooled budgets eg social services; N/A to academies.
1.3.1	Pupil Referral Units	N		SB		Academies do not provide for education at Pupil Referral Units.
1.3.2	Behaviour Support Services	Y	Gross	SB	100%	Academies can buy back from the LA service. The cost of providing or purchasing specialist behaviour support services, both advisory and teaching.
1.3.3	Education out of school	N		SB		LA covers the cost of education out of school.
1.3.4	14 - 16 More practical learning options	Y	Gross	SB	100%	Relevant to academies as they are likely to incur expenditure in this area.
1.4.1	Support to underperforming ethnic minority groups and bilingual learners	Y	Gross	SB	100%	Relevant to academies as they are likely to incur expenditure in this area.
1.5.1	School Meals - nursery, primary and special schools	Y	Net	SB	100%	Funding outside of the SBS for primary or Nursery Meals.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1.5.2	Free school meals - eligibility	Y	Gross	SB	100%	Relevant as academies need to be able to assess eligibility or buy in from LA.
1.5.3	Milk	Y	Net	SB	100%	Relevant for academies with a Primary Phase.
1.5.4	School kitchens - repair and maintenance	Y	Gross	SB	100%	Relevant, all academies have a Kitchen.
1.6.1	Insurance	N		SB		Paid separately within GAG.
1.6.2	Museum and Library Services	Y	Gross	SB	100%	Academies should receive funding for museum and galleries and Primary Libraries services on same basis as LA-maintained schools.
1.6.3	School admissions	Y	N/A	SB	100%	Academies incur costs on the admissions process.
1.6.4	Licences/subscriptions	Y	Gross	SB	100%	Academies incur costs, like LA-maintained schools, on software licences, etc.
1.6.5	Miscellaneous (not more than 0.1% total of net SB)	Y	Gross	SB	100%	Same entitlement as LA-maintained schools for funding to meet any other costs.
1.6.6	Servicing of schools forums	N		SB		LA Responsibility.
1.6.7	Staff costs - supply cover (not sickness)	Y	Gross	SB	100%	Included for academies.
1.6.8	Supply cover - long term sickness	Y	Gross	SB	100%	Included for academies.
1.6.9	Termination of employment costs	Y	Gross	SB	100%	Included for academies.
1.6.10	Purchase of Carbon reduction commitment allowances	N		SB		
1.7.1	Other Specific Grants	Y		SB		Included for academies.
1.8.1	Capital Expenditure from Revenue (CERA) (Schools)	N		SB		This is the LA's Capital expenditure from revenue account and not relevant to academy funding.
1.8.2	Prudential borrowing costs	N		SB		Not relevant to academies as not allowed to borrow.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1.9.1	TOTAL SCHOOLS BUDGET					
2	OTHER EDUCATION AND COMMUNITY BUDGET					
2.0.1	Educational Psychology Service	N		LA		Not included as the provision of an educational psychology service is a statutory responsibility of the Local Authority.
2.0.2	SEN administration, assessment and co-ordination	N		LA		Expenditure on identification and assessment of children with SEN and the making, maintaining and reviewing of statements under sections 321 to 331 of the 1996 Act, which is a LA responsibility.
2.0.3	Therapies and other health related services	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	LA meets cost of any additional special medical support needed at LA-maintained schools - academies usually need to meet such costs themselves.
2.0.4	Parent partnership, guidance and information	N		LA		Expenditure in connection with the provision of parent partnership services or other guidance and information to the parents of pupils with special educational needs which, in relation to pupils at a school maintained by the authority, is in addition to the information usually provided by the governing bodies of such schools. Also arrangements made by the authority with a view to avoiding or resolving disagreements with the parents of children with special educational needs.
2.0.5	Monitoring of SEN provision	N		LA		LA expenditure on the monitoring and accountability functions of the SEN core teams and support services, including support for school self-evaluation. Also the proportion of time devoted to SEN and other inclusion activities by inspectors and advisers in the LA's school improvement team.
2.0.6	Total Special Education					
	Learner Support					
2.1.1	Excluded pupils	N		LA		An LA responsibility.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
2.1.2	Pupil support	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Provision and administration of clothing grants and board and lodging grants, where such expenditure is not supported by grant.
2.1.3	Home to school transport: SEN transport expenditure	N		LA		An LA statutory responsibility.
2.1.4	Home to school transport: other home to school transport expenditure	N		LA		An LA responsibility.
2.1.5	Home to post-16 provision transport: SEN/ LLDD transport expenditure (aged 16-18)	N		LA		N/A.
2.1.6	Home to post-16 provision transport: SEN/ LLDD transport expenditure (aged 19-25)	N		LA		N/A.
2.1.7	Home to post-16 provision transport: other home to post - 16 transport expenditure	N		LA		N/A.
2.1.8	Education Welfare Service	Y	Gross for Academies Calculation; NET for LA calculation	LA	85%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area.
2.1.9	School improvement	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	
2.1.10	Total Learner Support					
	ACCESS					
2.2.1	Asset management - education	Y	Net	LA	74%	Academies incur costs like LA-maintained schools on the planning and maintenance of their capital programmes.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
2.2.2	Supply of school places	N		LA		A LA responsibility - Expenditure on planning and managing the supply of school places, including the preparation of School Organisation Plans pursuant to section 26 of the 1998 Act and expenditure in relation to the establishment, alteration or discontinuance of schools pursuant to Chapter II of Part II of the 1998 Act and section 70 of the 2002 Act, or section 113A of the 2000 Act (section 72 of 2002), and schedule 7A to, the 2000 Act; school organisation committees.
2.2.3	Music services (not Standards Fund supported)	Y	Net	LA	100%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area.
2.2.4	Visual and performing arts (other than music)	Y	Net	LA	100%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area.
2.2.5	Outdoor Education including Environmental and Field Studies (not sports)	Y	Net	LA	100%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area.
2.2.6	Total Access					
7	Local Authority Education Functions					
7.0.1	Statutory / Regulatory Duties	Y	Net	LA	75%	Some costs incurred by Academies under this heading.
7.0.2	Premature retirement costs / Redundancy costs	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Costs may be incurred by academies under this heading.
7.0.3	Existing Early Retirement Costs (commitments entered into by 31/3/99)	N		LA		No such agreements exist in academies.
7.0.4	Residual pension liability (e.g. FE, Careers Service, etc.)	N		LA		For ex-FE college staff; ex-career service staff; ex-teacher training institute staff; and the London Pensions Fund Authority levy. N/A to academies.
7.0.5	Joint use arrangements	N		LA		Any funding for Joint use arrangements involving academies is funded separately.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
7.0.6	Insurance	N		LA		Paid Separately within GAG.
7.0.7	Monitoring national curriculum assessment	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Academies must cover costs arising from an obligation under Funding Agreement to undertake National Curriculum Assessments.
7.0.8	Total Local Authority Education Functions					
	Specific Grants					
7.1.1	Other Specific Grant	N		LA		
7.2.1	Capital Expenditure from Revenue (CERA) (LA Education Functions)	N		LA		This is the LA's Capital expenditure from revenue account and not relevant to academy funding.

This page is intentionally left blank

Laura Street
Funding Policy Unit
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

12 January 2012

Consultation on the proposed decision on the calculation and recovery arrangements for the Academies Funding Transfer for 2011-12 and 2012-13

Dear Laura,

We are writing to you in response to the consultation being undertaken by the Department for Education regarding the calculation and recovery arrangements for the academies funding transfer in 2011-12 and 2012-13. This letter outlines the issues and concerns that Knowsley Council has with the approach being proposed in the consultation.

Knowsley is pleased that the Secretary of State for Education, in consultation with the Secretary of State for Communities and Local Government has considered carefully the points raised by local authorities in the consultation responses during the summer and sees it as desirable to ensure that academies and local authorities are funded fairly and equitably and that the outcome represents good value for the taxpayer. Knowsley also welcomes the comments in paragraph 20 that recoupment should properly reflect the transfer of functions from local authorities to academies.

Knowsley was disappointed, but not surprised, that only 140 responses were received for the consultation which ran from 19 July to 16 August 2011 because of the very short response time. Again the very tight response time, from 8 December 2011 to 12 January 2012 (at a busy time of year and a holiday period), to respond to this consultation is considered wholly inadequate for a decision that will have an impact on the future provision of core Council services, funding for schools, funding (and provision of potential traded services) for academies, and best value services to support pupils.

Council Funding

Firstly, Knowsley's comments on the transfer from local government in relation to the costs of the proportion of LACSEG (Local Authority Central Spend Equivalent Grant) based expenditure funded through a combination of formula grant and council tax income are set out below:-

As discussed in Knowsley's response on 10 August 2011, the authority made it clear it was disappointed at the time of the local government finance settlement in December 2010 to find that the Government had unilaterally decided to reduce Council funding to fund academies without any prior notification or formal consultation.

Clearly, this decision was contrary to the principles of local government funding whereby all burden transfers to or from local authorities, such as LACSEG, should be fully costed and that such transfers are made in a transparent manner. Knowsley is not opposed to the principle of reducing funding to local authorities in line with reducing costs as long as the calculation for the reductions is transparent and fair, and are made in line with the Government's own 'New Burdens Doctrine'.

Knowsley considers the most appropriate approach, in terms of fairness and transparency, is to transfer resources after each academy is established and is pleased to see a move towards this approach. Such a system would allow the local authority to plan for the transfer and allow advanced discussions about what services may still be provided after transfer. The authority would have more time to quantify its loss of LACSEG and be in a position to restructure accordingly. The only certainty of funding for an authority such as Knowsley, yet to have an academy established, is that **funding has been lost during 2011-12** without any reduction in demand for LACSEG services.

On the methodology, Knowsley acknowledges that there are problems with the data held within the Section 251 Budget Returns, but does support using this return as the basis for the transfer.

The reduction in the proportion of spend is welcomed and we appreciate that this should be on a national basis. However the methodology used in the arrival of the proportion of spend is flawed. The consultation document indicates the percentages were based on data from 16 local authorities and of these only five were used within the calculation with the smallest proportion of spend on retained functions. Given that there are over 150 authorities nationally, how can this small number of authorities give a good representation? Using Knowsley's own Education Welfare Services for example, it is estimated that 45% of their activity is linked to tracking children missing from education / prosecutions, 30% on other statutory functions. This leaves 25% for all other expenditure which should be subject to recoupment. The percentage used in the consultation is 85%.

Knowsley acknowledges that changing the approach to the current year 2011-12 would cause significant and unwelcome turmoil to local authority budgets – now so late in the financial year. However, this has meant that there have been winners and losers as some authorities, such as Knowsley, have contributed that have no academies whilst other authorities with many academies have not contributed enough. In essence, Knowsley has contributed £0.450m in 2011-12, without any academies. This has meant that the Council has been required to find efficiencies and savings in other service areas that were unnecessary. Therefore, the Department for Education should refund authorities that have lost resources in 2011-12 alongside the proposed mechanism for 2012-13. If this is not possible, then as a minimum it's important that this imbalance is rectified when the transfer in funding is made in 2013-14 from local government to the Department for Education.

For 2012-13 Knowsley welcomes the Government's proposed change to a mechanism, which will better reflect the number of pupils in academies in each Authority. However,

the data to be used must be the most accurate and up to date available to the Department for Education and must avoid any unnecessary time lags.

If the amount of LACSEG top sliced from local authorities in 2012-13 is higher than the actual costs for academy transfers in year it is only right that the funds are refunded to local authorities as a Section 31 grant as proposed. Indeed, any refund for 2011-12 should also be made for authorities that had no academies. Knowsley acknowledges that the approach for 2012-13 will result in winners as some authorities with many academy transfers during 2012-13 will not have contributed enough. Therefore, it is important that this imbalance is rectified when the transfer in funding is made in 2013-14 from local government to the Department for Education.

The proposal includes a cap on the amount of LACSEG so that it cannot exceed the amount already announced in the 2012-13 local government finance settlement. Knowsley supports this proposal as these budgets were announced in 2010 as part of a multi year financial settlement and any changes now could significantly alter the financial plans for local authorities, which are already well advanced with regards 2012-13 budgets.

Paragraph 44 of the consultation considers the use of multipliers to fund Special schools due to their unique costs. Knowsley considers this approach to be flawed as the greater staffing and premises infrastructure costs should be reflected within the delegated funding formula and will be appropriately funded. Furthermore, the use of multipliers should not be reflected in the LACSEG calculation. Funding for Pupil Referral Units (PRU) within Knowsley is also via formula and the same arguments apply for not using a multiplier.

DSG LACSEG 2012-13

The second set of comments focuses on your proposals in relation to the calculation of DSG LACSEG in 2012-13. This includes the incorporation of spending on contingencies within the calculation and recoupment of LACSEG grant from April 2012.

Knowsley is strongly opposed to the inclusion of contingencies in the LACSEG calculation for 2012-13. To reflect the DfE stated aim that recoupment should properly reflect the transfer of functions from local authorities to academies there are other options to ensure that this is the case. For example, by including a duty on the Schools Forum to ensure transparency in the use of contingency with equitable treatment for academies and this would ensure that only the relevant proportion transferred. As part of this, academies are represented on the Schools Forum and could have a right of appeal to the Secretary of State if they did not believe that the duty was being upheld.

Knowsley wrote to the DfE on 17 November 2011 outlining that an adjustment of this nature would not be equitable or needs driven. We must emphasise that Knowsley LA and the Knowsley Schools Forum both support the principle that academies should be funded on the same basis as maintained schools. The additional functions that academies are responsible for should be defined and costed to give a needs led national model and this rightly should be removed from the DSG provided the removal of funding is proportional to savings that can be realised from the transfer of functions in line with the Government's own "New Burdens Doctrine".

Knowsley welcomes the simplification set out in paragraph 53 and agrees that the recoupment from the DSG in 2012-13 should be based on the 2012-13 Section 251 Statement.

In examining the detail within Annex A we have three concerns, in addition to the School-specific contingency referenced above:-

SEN Support Services - This is not referenced within the body of your letter and it is not currently recouped from Local Authorities. The budget includes Sensory Impaired Service, Portage, Bus Escorts, Whiston Hospital Unit and Area Partnership Management. Knowsley appreciates that Academies receive an element of this funding and that it is not currently recouped resulting in double funding nationally. However, as responsibility does not shift from the authority to the academy it should not be within the recoupment calculation. Being referenced within the appendix is not sufficient consultation and Knowsley assumes that there will be further consultation on this in the New Year if it is to be included in the recoupment calculation.

Admissions – Again, this is not specifically referenced within the body of your letter and it is not currently recouped from Local Authorities although it is appreciated that for 2011-12 a flat rate of £8.15 per primary pupil and £8.23 per secondary pupil (per DfE LACSEG guidance note 13/12/10) is provided to academies. Knowsley assumes that this will not form part of the recoupment calculation without further consultation.

Other Specific Grants – This funding is for threshold payments for staff that are not in school but are funded by the DSG and as such no funding should be transferred to the Academy.

Arrangements for 2013-14 Onwards

Knowsley did not support the arrangements to top slice formula grant funding in 2011-12 and 2012-13 from local authorities without consultation, without an appropriate methodology to support the transfers, and fundamentally without consideration as to whether any academies were established within an authority. Knowsley agrees that an arrangement from 2013-14 must resolve the funding inequalities that have occurred between local authorities to fund academies as a result of the top slice in funding for local government in 2011-12 and 2012-13. However, the basis for the funding transfer from local government to the Department for Education in 2013-14 must not just be made on the basis of the 2012-13 Section 251 returns. The transfer should also ensure that funding is returned to the losers from the previous top slices (if not returned already in 2012-13), and demands additional funding that has not been taken from local authorities with high academy transfers.

It seems fair that from 2013-14 authorities that do not have academies do not lose resources and the proposal appears to reflect this. However, the grant funding returned to local authorities from the Department for Education must be on the same basis as the budget taken and not redistributed on an alternative basis i.e. national rate or pupil numbers, as some authorities LACSEG will reflect the extra investment the authority puts into schools and pupils.

Knowsley supports the principles reiterated in the consultation that academies should be funded on the same basis as maintained schools. In addition, Knowsley is thankful that the Department for Education has provided clarity in the consultation of the services covered by LACSEG for the purposes of the transfer.

We hope this letter has adequately explained the position of Knowsley Council. If you wish to discuss this matter further, please do not hesitate to contact either Diane Williams on 0151-443-3222 or Stephen Mann on 0151-443-3634.

Yours sincerely,

Damian Allen
Executive Director of Children and Family Services
Knowsley Metropolitan Borough Council

James Duncan
Borough Treasurer
Knowsley Metropolitan Borough Council

This page is intentionally left blank

Academy Traded Services Development mapped against Section 251 Budget Statement

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1	SCHOOLS BUDGET					
1.0.1	Individual Schools Budget	N		SB		Academies receive an equivalent School Budget Share.
1.0.2	Pupil Premium allocated to schools	N		SB		Premium paid to academies on the same basis as maintained schools
1.0.3	Pupil Premium managed centrally	N		SB		LA function relates to premium for non mainstream settings
1.0.4	Threshold and performance pay (devolved)	N		SB		Included in the School Budget Share
1.0.5	Central expenditure on education of children under 5	N		SB		LA function
1.1.1	Support for schools in financial difficulty	N		SB		Arrangements for academies in financial difficulties would be subject to individual consideration.
1.1.2	School-specific contingencies	Y		SB		DfE is currently considering how to include this in LACSEG calculations for Academies in 2012-13. The School Forum needs to ensure that funding which can be appropriately included elsewhere on the Section 251 Statement is. For example, some funding currently classed as Contingency could be classed as Contribution to Combined Budgets if the School Forum approved it.
1.1.3	Early Years contingency	N		SB		LA function
1.2.1	Provision for pupils with SEN (including assigned resources)	N		SB		High Level Need. Paid directly to academies by local authorities for pupils with individually assigned resources.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
1.2.2	SEN support services	Y	Gross	SB	100%	<p>This is non-delegated centrally retained funding for support services for statemented and non-statemented pupils whether supported by the LA or commissioned externally and planned expenditure funded by YPLA and is therefore relevant to academies.</p> <p>It is currently NOT reduced from the DSG resulting in double funding. The DfE can not confirm at the moment whether this line may be included in the DSG transfer.</p> <p>Consequently, traded packages do not need to be developed as yet but this is one to watch.</p>
1.2.3	Support for inclusion	N		SB		Support for inclusion between maintained and specialist schools, not relevant to academies.
1.2.4	Fees for pupils with SEN at independent special schools & abroad	N		SB		Expenditure on the payment of fees in respect of pupils with special educational needs at independent schools or non-maintained special schools, academies cannot charge fees so not relevant.
1.2.5	SEN transport	N		SB		An LA function/ responsibility.
1.2.6	Fees to independent schools for pupils without SEN	N		SB		Expenditure on the payment of fees in respect of pupils at independent schools. Academies cannot charge fees so not relevant.
1.2.7	Inter-authority recoupment	N		SB		Estimated expenditure and income received in relation to transactions between authorities in accordance with regulations made under sections 493 or 494 of the 1996 Act or section 207 of the 2002 Act (recoupment between authorities). Not relevant to academies.
1.2.8	Contribution to combined budgets	N		SB		Contribution to pooled budgets eg social services; N/A to academies.
1.3.1	Pupil Referral Units	N		SB		Academies do not provide for education at Pupil Referral Units.
1.3.2	Behaviour Support Services	Y	Gross	SB	100%	<p>Academies can buy back from the LA service. The cost of providing or purchasing specialist behaviour support services, both advisory and teaching.</p> <p>A traded offer is to be developed and a project</p>

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
						group including Inclusion Standards & Effectiveness Service (ISES) Managers has been formed.
1.3.3	Education out of school	N		SB		LA covers the cost of education out of school.
1.3.4	14 - 16 More practical learning options	Y	Gross	SB	100%	Has been delegated for 2012/13 so this line will be zero.
1.4.1	Support to underperforming ethnic minority groups and bilingual learners	Y	Gross	SB	100%	Relevant to academies as they are likely to incur expenditure in this area. A traded offer is to be developed.
1.5.1	School Meals - nursery, primary and special schools	Y	Net	SB	100%	All delegated in Knowsley and so this line is zero.
1.5.2	Free school meals - eligibility	Y	Gross	SB	100%	A traded offer is currently being developed.
1.5.3	Milk	Y	Net	SB	100%	Relevant for academies with a Primary Phase.
1.5.4	School kitchens - repair and maintenance	Y	Gross	SB	100%	Relevant, all academies have a Kitchen. However PFI arrangements exist in Knowsley and this line on the Section 251 Statement is zero.
1.6.1	Insurance	N		SB		Paid separately within GAG.
1.6.2	Museum and Library Services	Y	Gross	SB	100%	Zero in Knowsley.
1.6.3	School admissions	Y	N/A	SB	100%	Academies incur costs on the admissions process and are funded for this. It is currently NOT reduced from the DSG resulting in double funding. The DfE can not confirm at the moment whether this line may be included in the DSG transfer. Consequently, traded packages do not need to be developed as yet but this is one to watch.
1.6.4	Licences/subscriptions	Y	Gross	SB	100%	Academies incur costs, like LA-maintained schools, on software licences, etc. The LA is meeting with Capita and expects a reduction in the charge to the Authority to

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
						recognise that there is one less Centre for Learning.
1.6.5	Miscellaneous (not more than 0.1% total of net SB)	Y	Gross	SB	100%	Within Knowsley most of this budget is for procurement services.
1.6.6	Servicing of schools forums	N		SB		LA Responsibility.
1.6.7	Staff costs - supply cover (not sickness)	Y	Gross	SB	100%	Halewood Academy will be responsible for its own cover costs for maternity, funding will transfer from the DSG and the budget will need to be reduced to reflect this. More work is required on the cost of Trade Union Duties and a traded services offer may need to be developed.
1.6.8	Supply cover - long term sickness	Y	Gross	SB	100%	Zero in Knowsley.
1.6.9	Termination of employment costs	Y	Gross	SB	100%	Currently zero.
1.6.10	Purchase of Carbon reduction commitment allowances	N		SB		
1.7.1	Other Specific Grants	Y		SB		Included for academies. Relates to threshold payments for non school staff and this will be reviewed in 2012/13 with a view to including in relevant budget lines.
1.8.1	Capital Expenditure from Revenue (CERA) (Schools)	N		SB		This is the LA's Capital expenditure from revenue account and not relevant to academy funding.
1.8.2	Prudential borrowing costs	N		SB		Not relevant to academies as not allowed to borrow.
1.9.1	TOTAL SCHOOLS BUDGET					
2	OTHER EDUCATION AND COMMUNITY BUDGET					
2.0.1	Educational Psychology Service	N		LA		Not included as the provision of an educational psychology service is a statutory responsibility of the Local Authority. Non statutory elements are currently being examined with a view to developing a traded package for all schools and a project group including Inclusion Standards & Effectiveness

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
						Service (ISES) Managers has been formed.
2.0.2	SEN administration, assessment and co-ordination	N		LA		Expenditure on identification and assessment of children with SEN and the making, maintaining and reviewing of statements under sections 321 to 331 of the 1996 Act, which is a LA responsibility.
2.0.3	Therapies and other health related services	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	LA meets cost of any additional special medical support needed at LA-maintained schools - academies usually need to meet such costs themselves. Currently zero in Knowsley.
2.0.4	Parent partnership, guidance and information	N		LA		Expenditure in connection with the provision of parent partnership services or other guidance and information to the parents of pupils with special educational needs which, in relation to pupils at a school maintained by the authority, is in addition to the information usually provided by the governing bodies of such schools. Also arrangements made by the authority with a view to avoiding or resolving disagreements with the parents of children with special educational needs.
2.0.5	Monitoring of SEN provision	N		LA		LA expenditure on the monitoring and accountability functions of the SEN core teams and support services, including support for school self-evaluation. Also the proportion of time devoted to SEN and other inclusion activities by inspectors and advisers in the LA's school improvement team.
2.0.6	Total Special Education					
	Learner Support					
2.1.1	Excluded pupils	N		LA		An LA responsibility.
2.1.2	Pupil support	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Provision of clothing grants. A traded service offer is currently being developed.
2.1.3	Home to school transport: SEN transport expenditure	N		LA		An LA statutory responsibility.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
2.1.4	Home to school transport: other home to school transport expenditure	N		LA		An LA responsibility.
2.1.5	Home to post-16 provision transport: SEN/ LLDD transport expenditure (aged 16-18)	N		LA		N/A.
2.1.6	Home to post-16 provision transport: SEN/ LLDD transport expenditure (aged 19-25)	N		LA		N/A.
2.1.7	Home to post-16 provision transport: other home to post - 16 transport expenditure	N		LA		N/A.
2.1.8	Education Welfare Service	Y	Gross for Academies Calculation; NET for LA calculation	LA	85%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area. A traded service offer is to be developed and a project group including Inclusion Standards & Effectiveness Service (ISES) Managers has been formed.
2.1.9	School improvement	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	This is currently a reducing budget and needs a careful examination for 2012/13 as many functions have now ceased. A traded service offer is to be developed if appropriate.
2.1.10	Total Learner Support					
	ACCESS					
2.2.1	Asset management - education	Y	Net	LA	74%	Academies incur costs like LA-maintained schools on the planning and maintenance of their capital programmes.
2.2.2	Supply of school places	N		LA		A LA responsibility - Expenditure on planning and managing the supply of school places, including the preparation of School Organisation Plans pursuant to section 26 of the 1998 Act and expenditure in relation to the establishment, alteration or discontinuance of schools pursuant to Chapter II of Part II of the 1998 Act and section 70 of the 2002 Act, or section 113A of the 2000 Act (section 72 of 2002), and schedule 7A to, the 2000 Act; school organisation committees.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
2.2.3	Music services (not Standards Fund supported)	Y	Net	LA	100%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area. This is currently a reducing budget and needs a careful examination for 2012/13 as many functions have now transferred to traded services.
2.2.4	Visual and performing arts (other than music)	Y	Net	LA	100%	Academies are funded to give them the option of providing such services in house, buying in services or using the LA services in this area. This is currently a reducing budget and needs a careful examination for 2012/13 as many functions have now transferred to traded services.
2.2.5	Outdoor Education including Environmental and Field Studies (not sports)	Y	Net	LA	100%	Zero in Knowsley.
2.2.6	Total Access					
7	Local Authority Education Functions					
7.0.1	Statutory / Regulatory Duties	Y	Net	LA	75%	Some costs incurred by Academies under this heading. This budget needs to be carefully examined as based on 2011/12 £0.082m would be reduced from the Council but there would not be a commensurate transfer of functions.
7.0.2	Premature retirement costs / Redundancy costs	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Costs may be incurred by academies under this heading. Work is continuing to assess Pension Liability.
7.0.3	Existing Early Retirement Costs (commitments entered into by 31/3/99)	N		LA		No such agreements exist in academies.
7.0.4	Residual pension liability (e.g. FE, Careers Service, etc.)	N		LA		For ex-FE college staff; ex-career service staff; ex-teacher training institute staff; and the London Pensions Fund Authority levy. N/A to academies.
7.0.5	Joint use arrangements	N		LA		Any funding for Joint use arrangements involving academies is funded separately.

Item	Section 251 Budget Table 1 2010-11	LACSEG Relevant	Gross/Net if Applicable	School Budget (SB)/LA Budget (LA) Split	Percentage of Line Used if Applicable	Academy notes
7.0.6	Insurance	N		LA		Paid Separately within GAG.
7.0.7	Monitoring national curriculum assessment	Y	Gross for Academies Calculation; NET for LA calculation	LA	100%	Academies must cover costs arising from an obligation under Funding Agreement to undertake National Curriculum Assessments.
7.0.8	Total Local Authority Education Functions					
	Specific Grants					
7.1.1	Other Specific Grant	N		LA		
7.2.1	Capital Expenditure from Revenue (CERA) (LA Education Functions)	N		LA		This is the LA's Capital expenditure from revenue account and not relevant to academy funding.

Initial Estimates of Academy Reductions in 2012/13

18,796

Estimated pupil numbers Jan 2012

Estimated numbers of Halewood (exc 6th Form)

	11,886	6,437	473
		955	

LA Table: FUNDING PERIOD (2011-12)

DfE Financial Data Collection

LA Table Local Authority Information

Knowsley	LA Number	340
----------	-----------	-----

Description	Early Years	Primary	Secondary	Special	Gross Input	Gross	Income	Net	Deprivation	Halewood C/L	Potential loss 13'14
1. SCHOOLS BUDGET											
1.0.1 Individual Schools Budget	5,988,622	47,653,456	40,469,220	7,986,219		102,097,517		102,097,517	9.92%		
1.0.2 Pupil premium allocated to schools		1,643,890	946,430	79,980		2,670,300	0	2,670,300	100.00%		
1.0.3 Pupil premium managed centrally					15,050	15,050	0	15,050	100.00%		
1.0.4 Threshold and Performance Pay (Devolved)	0	0	0	0		0	0	0	0.00%		
1.0.5 Central expenditure on education of children under 5	42,319	0	0	0		42,319	0	42,319	0.00%		
1.1.1 Support for schools in financial difficulty	0	70,200	31,800	1,800		103,800	0	103,800	0.00%		
1.1.2 School specific contingencies (50% of 2011'12)	0	542,560	546,253	193,206		1,282,020	0	1,282,020	0.00%	100%	81,043 New
1.1.3 Early Years contingency	80,426	0	0	0		80,426	0	80,426	0.00%		
1.2.1 Provision for pupils with SEN (including assigned resources)	0	2,284,709	1,299,551	0		3,584,259	0	3,584,259	63.00%		
1.2.2 SEN support services (95% of 2011'12)	314,127	547,049	311,164	21,514		1,193,854	20,379	1,173,475	0.00%	100%	46,165 New
1.2.3 Support for inclusion	0	119,151	67,774	4,686		191,611	0	191,611	0.00%		
1.2.4 Fees for pupils with SEN at independent special schools & abroad	0	0	0	2,175,828		2,175,828	140,816	2,035,012	63.00%		
1.2.5 SEN transport	0	0	0	0		0	0	0	0.00%		
1.2.6 Fees to independent schools for pupils without SEN	0	0	0	0		0	0	0	0.00%		
1.2.7 Interauthority recoupment	0	131,164	507,723	738,247		1,377,134	770,574	606,560	63.00%		
1.2.8 Contribution to combined budgets	0	474,248	269,754	18,651		762,653	0	762,653	0.00%		
1.3.1 Pupil Referral Units	0	0	0	1,872,286		1,872,286	14,900	1,857,386	63.00%		
1.3.2 Behaviour Support Services	0	32,541	18,510	1,280		52,331	0	52,331	0.00%	100%	2,746
1.3.3 Education out of school	0	87,145	49,568	3,427		140,140	0	140,140	0.00%		
1.3.4 14-16 More practical learning options (Delegated in 2012'13)	0	0	0	0		0	0	0	63.00%	100%	0
1.4.1 Support to underperforming ethnic minority groups and bilingual learners	0	41,965	23,870	1,650		67,485	0	67,485	0.00%	100%	3,541
1.5.1 School meals - nursery, primary and special schools	0	0		0		0	0	0	0.00%	100%	0
1.5.2 Free school meals eligibility	0	13,327	7,580	524		21,431	0	21,431	0.00%	100%	1,125
1.5.3 Milk	0	200,874		6,726		207,600	113,100	94,500	0.00%	100%	0
1.5.4 School kitchens repair and maintenance	0	0		0		0	0	0	0.00%	100%	0

Initial Estimates of Academy Reductions in 2012/13

1.6.1 Insurance	0	0	0	0	0	0	0	0.00%		
1.6.2 Museum and Library Services	0	0	0	0	0	0	0	0.00%		
1.6.3 School admissions	0	148,627	84,539	5,845	239,011	0	239,011	0.00%	100%	0
1.6.4 Licences/subscriptions	0	59,389	33,781	2,336	95,506	0	95,506	0.00%	100%	12,542
1.6.5 Miscellaneous (not more than 0.1% total of net SB)	0	12,437	7,074	489	20,000	0	20,000	0.00%	100%	5,012
1.6.6 Servicing of schools forums	0	39,251	22,326	1,544	63,120	6,380	56,740	0.00%	100%	1,050
1.6.7 Staff costs supply cover (not sickness)	0	279,828	159,167	11,005	450,000	0	450,000	0.00%	100%	23,614
1.6.8 Supply cover long term sickness	0	0	0	0	0	0	0	0.00%	100%	0
1.6.9 Termination of employment costs	0	0	0	0	0	0	0	0.00%	100%	0
1.6.10 Purchase of carbon reduction commitment allowances	0	57,697	54,250	11,054	123,000	0	123,000	0.00%		
1.7.1 Other Specific Grants	0	47,406	26,965	1,864	76,236	0	76,236	0.00%	100%	4,001
1.8.1 Capital Expenditure from Revenue (CERA) (Schools)	0	0	0	0	0	0	0	0.00%		
1.8.2 Prudential borrowing costs	0	1,360,537	0	0	1,360,537	0	1,360,537	0.00%		
1.9.1 TOTAL SCHOOLS BUDGET	6,442,026	56,418,802	45,854,199	13,334,501	15,050	122,064,578	1,066,149	120,998,429		180,838
2. OTHER EDUCATION AND COMMUNITY BUDGET SPECIAL EDUCATION										
2.0.1 Educational psychology service					461,730	461,730	1,124	460,605		
2.0.2 SEN administration, assessment and coordination					287,064	287,064	1,124	285,939		
2.0.3 Therapies and other health related services					0	0	0	0	100%	0
2.0.4 Parent partnership, guidance and information					77,229	77,229	0	77,229		
2.0.5 Monitoring of SEN provision					0	0	0	0		
2.0.6 Total Special Education					826,022	826,022	2,249	823,774		
2. OTHER EDUCATION AND COMMUNITY BUDGET LEARNER SUPPORT										
2.1.1 Excluded pupils					211,755	211,755	46,420	165,335		
2.1.2 Pupil support	0	150,954	85,863	5,937		242,754	296	242,457	100%	12,723
2.1.3 Home to school transport: SEN transport expenditure	0	63,129	50,762	1,562,160		1,676,051	29,099	1,646,953		242,457
2.1.4 Home to school transport: other home to school transport expenditure	0	4,456	3,583	110,231		118,270	2,029	116,241		
2.1.5 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 16-18)					0	0	0	0		
2.1.6 Home to post16 provision transport: SEN/ LLDD transport expenditure (aged 19-25)					0	0	0	0		
2.1.7 Home to post16 provision transport: other home to post 16 transport expenditure					0	0	0	0		
2.1.8 Education welfare service					685,231	685,231	2,341	682,890	85%	29,492
2.1.9 School improvement					2,267,286	2,267,286	657,690	1,609,597	100%	81,781
2.1.10 Total Learner Support	0	218,539	140,208	1,678,328	3,164,272	5,201,347	737,875	4,463,472		1,609,597
2. OTHER EDUCATION AND COMMUNITY BUDGET ACCESS										
2.2.1 Asset management education					19,688	19,688	296	19,392	74%	729
										14,350

Initial Estimates of Academy Reductions in 2012/13

2.2.2 Supply of school places	127,071	127,071	1,481	125,590			
2.2.3 Music services	796,763	796,763	665,920	130,843	100%	6,648	130,843
2.2.4 Visual and performing arts (other than music)	214,608	214,608	117,558	97,050	100%	4,931	97,050
2.2.5 Outdoor education including environmental and field studies (not sports)	0	0	0	0	100%	0	0
2.2.6 Total Access	1,158,131	1,158,131	785,256	372,875			

7. Local Authority Education functions

7.0.1 Statutory/ Regulatory Duties	5,097,084	5,097,084	187,565	4,909,519	75%	187,085	3,682,139
7.0.2 Premature retirement costs/ Redundancy costs (new provisions)	0	0	0	0	100%	0	0
7.0.3 Existing early retirement costs	1,289,670	1,289,670	0	1,289,670			
7.0.4 Residual pension liability (eg FE, Careers Service, etc)	130,630	130,630	0	130,630			
7.0.5 Joint use arrangements	0	0	0	0			
7.0.6 Insurance	61,786	61,786	0	61,786			
7.0.7 Monitoring national curriculum assessment	28,428	28,428	80	28,348	100%	1,440	28,348
7.0.8 Total Local Authority Education Functions	6,607,598	6,607,598	187,645	6,419,954			

7. Local Authority Education functions SPECIFIC GRANTS

7.1.1 Other Specific Grant	0	0	0	0	100%	0	0
LACSEG non DSG	0	0	0	0		324,830	6,385,241

This page is intentionally left blank



Summary Template for Schools Partnership Executive Board

Meeting Title:	Schools Forum
Meeting Date:	19 January 2012
Representative on SPEB:	Diane Williams
Outcomes of the meeting relevant to SPEB including LEAP:	To discuss at the meeting.
Issues to be raised at SPEB including LEAP:	To discuss at the meeting.
Response from SPEB including LEAP: (to be completed by Claire McNally and returned to representative on SPEB)	N/A


This page is intentionally left blank


MINUTES**Paper 1**


Schools Partnership Executive Board
Wednesday 14 December 2011
3.00 pm – 5.00 pm
Venue: St Columba's Catholic Primary School

Present: Ronan Dunne (Chair) Mike Marshall
 Anita Abdous Jane Borrows (All Saints CfL)
 Diane Williams Pam Jervis
 Deb Thomas Julie Withey
 Barry Kerwin Jan Freeman
 Carole Arnold Paula Skelhorn (Minutes)


Apologies: Julie Young Jillian Albertina
 Maria Taylor Ann Behan
 Sheila Walmsley Gill Holland
 Dave Smith Trish Thomas
 Carroll Hamilton







AGENDA ITEM	KEY POINTS	ACTION
Declaration of Interest	None	
Minutes of Previous Meeting	Ronan Dunne explained that the minutes of the meeting dated 16 November 2011 were not available for this meeting and will be tabled at the next meeting in January.	
- Matters Arising	None	
Children and Families Board - Update	<p>Carole Arnold provided an overview from the last Children and Families Board as detailed below:</p> <p> Childrens and Families Board.doc.pdf</p> <p>At the last meeting there was a discussion about the different options for CAF. A representative was needed and Anita Abdous has agreed to become the representative and will attend the next meeting on the 19 January 2012. There is some additional work that has been done and Carole Arnold will circulate to Anita.</p> <p>At the next meeting of the Children and Families Board on the 19 January 2012 there are two items – one from the Children and Families Strategic Plan regarding the Priority Report Cards and the Policy and Strategy item is Young People and Crime. Page 137</p> <p>There will be an update on the Young People and Crime</p>	

AGENDA ITEM	KEY POINTS	ACTION
	<p>thematic and the Business item is the Multi Agency Information Sharing Protocol which schools will want to have an input to</p>	
<p>Children and Families Board - Update (continued)</p>	<p>Mike Marshal asked if there was reference to Data information Security within the report. Mike explained that the way that information is asked for can cause risks. The data information security needs to be explicit in this policy. Deb Thomas was not sure as the report was still in draft but would check.</p> <p>Carole Arnold has been asked for a report around Sexual Representation which she will put together and send to the three Collaboratives.</p> <p>Children and Families Partnerships - Carole Arnold explained that a small group of no-more than three teachers across the three phases were needed to represent schools on the Kirkby Children and Families Partnership which is being established. The names when decided need to be given to Carole.</p>	
<p>Child and Adolescent Mental Health Services (CAMHS Tier 2)</p>	<p>Jill Colbert and Trisha Hopkinson joined the meeting. Trish Hopkinson tabled the CAMHS System Diagram as below:</p>  <p>1. %20Child%20and%20Adolescent%20Men</p> <p>In addition, SPEB Members had a paper in their pack which had been submitted to the previous meeting.</p> <p>The new model now introduces a bridge between Tier 2 and Tier 3 Child and Adolescent Mental Health Services. It provides a referral to a bigger system. There would be two new members of staff who are Mental Health Practitioners at Level 2. Their roles are to make sure that the system works better and to ensure that the appropriate route for a referral is taken and also what resources the school can access. The co-ordinators role will bring to life the CAMHS tool kit and provide tighter support and guidance. This is the 1st step to improve the system as the current service doesn't give the young people what they need.</p> <p>Mike Marshal asked what are the differences, is it just the level of staff? As he was finding it hard to picture the new model. There are differences e.g. Action for Children and AFC Seasons is also new. Barry Kerwin explained that</p>	

AGENDA ITEM	KEY POINTS	ACTION
	<p>there is a conflict issue with schools and CAMHS. The system was not clear and he's not certain that what is being proposed is giving good value for money. Julie Withey asked if the criteria was going to be sent out to schools so that they knew what tier a child would be classified as. Trisha confirmed that examples of case studies would be sent out and Steve Clarke is helping with the definition of Mild and Moderate.</p> <p>Ronan Dunne highlighted page 4 – point 5 of the report 'Funding the model' and although the group agrees in principal to funding the model answers are needed regarding:</p> <ul style="list-style-type: none"> -What is the amount? -What will it be used for – the heads need details on how it will be used and what the process will look like. <p>Mike Marshal asked how it would be funded – by DSG? Diane Williams explained that until the DSG Settlement is assessed by the Schools Forum no decisions can be made. The report inferred that this might be a traded service but this may be problematic as some schools may not wish to buy in the service, particularly before the benefits of the revised system can be demonstrated. If there is sufficient DSG funding in 2012/13 one option could be a "Contribution to Combined Budgets" for one financial year only. If this option is to be pursued Gill and Trish will need to draft a School Forum Report and bring it to SPEB to discuss.</p>	
<p>Priority Area for Feedback:</p> <ul style="list-style-type: none"> - Leadership Hub 	<p>Pam Jervis tabled the Leadership Hub reports as below:</p>  <p>3.1%20Leadership%20Hub%20Report.doc</p> <p>A Business Plan final draft and framework will be considered at the next Leadership Hub meeting on the 16 January 2012.</p> <p><u>Middle Leadership Development Programme:</u> There are two clusters this year following the successful programme last year.</p> <p><u>NPQH</u> The new version of the NPQH will be available in Spring 2012 to limited numbers at first. This is non-mandatory.</p>	<p>Pam Jervis to re-circulate the Leadership Hub revised Terms of Reference.</p>

AGENDA ITEM	KEY POINTS	ACTION
	<p><u>Putting Heads Together</u> The first training session on Budget Management, Finance and Strategic Planning was successful and was attended by approximately 32 delegates. The next training on the new Ofsted framework is scheduled in January 2012.</p> <p><u>Headstart</u> The 1st meeting is scheduled for 24 January 2012. This is bespoke training and Diane Williams and Rob Alcock deliver this.</p> <p><u>Teaching Schools</u> Maria Taylor is arranging a sub group which includes the teaching school, Area Collaborative and the LA. This meeting has been scheduled for 6 January 2012.</p> <p><u>SLE</u> The second round is Easter 2012 but there is no Knowsley interest.</p> <p><u>Leadership Development</u> There is a meeting scheduled for the 11 January with CEL to discuss the details of the programme. They are offering a School to School Consultancy Programme and each collaborative are to be allocated 4 places. Funding will come from the £42k given by the LA.</p> <p><u>ASTs</u> There needs to be some clarification around what group this sits with. The Leadership Hub Group or the Communications Group and where the funding will sit. RD explained that there are issues around fairness – trying to spread good practice but schools don't want to let their good AST out of the school and then leave themselves weakened.</p> <p>It was noted that the DSG funding runs to March 2012. If the summer term is to be funded from the DSG this will have to be referred for approval to the Schools Forum as a "Contribution to Combined Budgets".</p>	<p>MM to speak to MT around where this will sit and where the 42K came from</p>
Raising Standards Challenge	Dave Roscoe tabled the Raising Attainment in Knowsley 2012 Challenge Report as below:	

AGENDA ITEM	KEY POINTS	ACTION
Finance Update	<p><u>Pupil Premium</u></p> <p>Diane Williams tabled a DfE paper on Pupil Premium as below</p>  <p>2012-13%20pupil%20%20premium%20q%20</p> <ul style="list-style-type: none"> • The National Control total increases from £625m to £1.25bn for 2012/13 (as expected) • Up to £50m of the total will be available to fund a summer school programme for disadvantaged pupils to support primary/secondary transition (more details in the New Year) • The pupil premium for deprivation (and LAC) increases to £600 per pupil • The service children premium increases from £200 to £250 • Coverage increases to pupils entitled to FSM over a 6 year period “Ever 6” • The “Ever 6” data will be calculated using past School Census data • To ensure transparency and accountability, schools will be required from September 2012 to publish On-line information about how they have used their pupil Premium allocations. New measures will be included in the performance tables that will capture the attainment of pupils covered by the Pupil Premium. <p><u>Deprivation</u></p> <p>The Formula Review has agreed after much debate to scale down Secondary and make a 20% reduction in Primary Deprivation Funding; this will be considered by the Schools Forum 19.01.12</p> <p>Barry Kerwin asked what would happen to the 20% Diane explained that it would go back into other funding factors.</p> <p><u>DfE Settlement</u></p> <p>Diane Williams explained that she still waiting on the DSG settlement – this will feed into the School Forum meeting in January. Budgets will then be prioritised next year to what stays and what goes.</p>	Diane Williams to circulate information to schools this week

AGENDA ITEM	KEY POINTS	ACTION
	Ronan Dunne would like to say that on behalf of the group that they are eternally grateful to Diane for all her work.	
Overview of Meeting Summaries	<p>The Overview of Meeting Summaries was circulated to the Schools Partnership Executive Board.</p>    <p>6.1%20Overview%20of%20Meeting%20Sur 6.2%20Leadership%20Hub%20-%202014%20 6.3%2011-19%20Education%20Transforma</p> <p>Diane Williams confirmed that the AST financing is for the 2011/12 financial year.</p>  <p>SPEB inc LEAP School Forum Return 24 Nov</p>	
Minutes for Information	<p>Minutes previously distributed for information to the Schools Partnership Executive Board details below:</p>   <p>7.1%20Leadership%20Hub%20-%202014%20 7.2%20MAPAS%20Steering%20group%20-</p>	
	Ronan Dunne thanked everyone for attending and wished all a restful Christmas.	

NEXT MEETING: Wednesday 18 January 2012

3.00 pm – 5.00 pm, Parents Room, St Columba's Catholic Primary School

***Please send your apologies to Claire McNally on 0151 443 5689
Or by email to claire.mcnally@knowsley.gov.uk***

Thank you